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Supreme Court, U.S.
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No. (1)

In The
Supreme Court of the United States

LATIN AMERICAN MUSIC CO., INC.,
d/b/a ACEMLA, *et al.*,
Petitioners,

v.

SOUTHERN MUSIC PUBLISHING CO., INC., *et al.*,
Respondents.

On Petition for Writ of Certiorari
to the United States Court of Appeals
for the First Circuit

PETITION FOR WRIT OF CERTIORARI

JANE BECKER WHITAKER, ESQ.
Counsel of Record
LAW OFFICES OF
JANE BECKER WHITAKER
P.O. BOX 9023914
SAN JUAN, PR 00902-3914
(787) 754-9191
(787) 764-3101 fax
jbecker@caribe.net

ANGEL N. CARO, ESQ.
R-11 20TH STREET
CIUDAD UNIVERSITARIA
TRUJILLO ALTO, PR 00976
(787) 761-0494
(787) 399-7661
(787) 758-0137 fax
mrangelcaro@aol.com

Attorneys for Petitioners

Becker Gallagher · Cincinnati, OH · Washington, D.C. · 800.890.5001

QUESTIONS PRESENTED

First Question: Does Section 17 U.S.C. §205 require recordation of a copyright transfer to put third parties on constructive notice as to the current owner of a copyright?

Second Question: Does 17 U.S.C. §106 permit publishers to authorize composer to license and collect their 50% share of performance fees pursuant to a non-exclusive copyright assignment to any performance collection agency?

RULE 14.1(b) STATEMENT

A list of all parties to the proceeding in the court whose judgment is the subject of this petition is as follows:

Defendant-Appellants and Petitioners: Latin American Music Co., Inc. (LAMCO); and Asociacion de Compositores y Editores de Musica Latino Americana (ACEMLA)

Plaintiff-Appellees and Respondent: Southern Music Publishing Co., Inc; Peermusic Ltd; Sonido, Inc., d/b/a FAF Publishing; EMI Catalogue Partnership; Broadcast Music, Inc; Peer International; Peer International Corporation of Puerto Rico; EMI April Music, Inc.

The Archdiocese of San Juan of the Roman Catholic & Apostolic Church, d/b/a WORO-FM, a/k/a Radio Oro, a/k/a AM-81; Isabela Broadcasting Co., d/b/a WKSA-FM Radio; Kelly Broadcasting System, Corp., d/b/a WNIK-FM, d/b/a WNIK-AM; Ramón Rodríguez & Associates, Inc., d/b/a WCIF-FM, a/k/a Radio Cofresí; Bestov Broadcasting, d/b/a WIAC-AM d/b/a WIAC-FM, a/k/a Sistema 102; HQ-FM 103, Inc., d/b/a WCHQ-FM, a/k/a HQ-FM; Aerco Broadcasting Corp., d/b/a WQBS-AM, a/k/a Cadena QBS; Tommy Muniz Productions, Inc. d/b/a WLUZ-AM, a/k/a Radio Luz; VI-Man Broadcast System, Corp., d/b/a WEGA-AM, a/k/a Radio Las Vegas; ABG Realty & Investment Corp., d/b/a WRJS-AM, a/k/a Radio San Juan; Sensación Broadcasting Corporation, d/b/a WSAN-FM, a/k/a Radio Sensación; Luis Raul Bernard; A-Z Ins Co.; John Doe 97cv2356; Richard Roe 97cv2356; American

Society of Composers, Authors and Publishers (ASCAP)
Defendants – Appellees

Catholic University Association a/k/a WEUC-1240 AM and WEUC-88.9 FM, a/k/a Pontifical Catholic University Services Association
Defendants

CORPORATE DISCLOSURE STATEMENT

There is not any parent corporation or any publicly held corporation that owns 10% or more of the stock of Latin American Music Co., Inc.

There is not any parent corporation or any publicly held corporation that owns 10% or more of the stock of Asociacion de Compositores y Editores de Musica Latino Americana (a/k/a) ACEMLA de Puerto Rico, Inc.

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PETITION FOR A WRIT OF CERTIORARI

Latin American Music Co., Inc. (LAMCO) and Asociacion de Compositores y Editores de Musica Latino Americana (ACEMLA), respectfully petition for a writ of certiorari to review the opinion and judgment of the United States Court of Appeals for the First Circuit in this case.

OPINIONS AND ORDERS BELOW

The opinion and judgment of the U.S. Court of Appeals for the First Circuit, dated August 16, 2007, is unofficially reported at *2007 U.S. App. LEXIS 19473* and is reproduced at App. A, 1a-29a

The opinion and order of the U.S. District Court for the District Court of Puerto Rico, dated April 18, 2001, is officially reported as 194 F. Supp. 2d 30, 49 (D.P.R. 2001) and is reproduced at App. B, 30a-75a.

JURISDICTION

The judgment of the U.S. Court of Appeals for the First Circuit sought to be reviewed was entered on August 16, 2007. A petition for rehearing was denied on September 21, 2007. This petition is timely under 28 U.S.C. §2101(c) and Supreme Court Rule 13.1 because it is being filed within 90 days of the entry of the opinion and judgment sought to be reviewed. The jurisdiction of this Court is invoked under 28 U.S.C. 1254(1).

STATUTORY PROVISIONS INVOLVED

The relevant statutory provision involved is 17 U.S.C§205. The relevant statutory procedure is reproduced at App. C, 76a

In addition, 17 U.S.C§106 is also a relevant statutory provision under revision. The provision is reproduced at App. D, 78a

STATEMENT OF THE CASE

In October 1996, Petitioners LAMCO and ACEMLA (the LAMCO parties) sued 16 radio stations for copyright infringement of 51 songs under the Copyright Act of 1976, 17 USC §101 et. seq.,. *[App. at 3a]* Subsequently, various radio stations filed counterclaims alleging antitrust violations. *Id.* Some of the broadcasters brought third-party-complaints against the performance right societies ASCAP and BMI[1] and others filed for separate declaratory judgment actions to clarify the ownership of the songs among LAMCO and various of its competing music publishers under Civil Nos. 96-2312, 97-2356 and 98-1597. *[App. at 3a-4a]* See *Latin American Music Co.*

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[1] **ASCAP** stands for American Society of Composers Authors and Publishers. **BMI** stands for Broadcast Music, Inc. Both ASCAP and BMI are performance right societies. ASCAP, BMI, SESAC claim to control virtually all music performance licensing in United States and Puerto Rico, and have contracts with other performance right societies around the world. The U.S. Department of Justice regulates ASCAP and BMI through a consent decree.

Inc. v. Archdiocese of San Juan, 194 F. Supp. 2d 30 (D.P.R. 2001)

In turn, ASCAP contended it issued non-exclusive licenses for 5 songs and BMI contended that they issued non-exclusive licenses for the rest of the songs in controversy on behalf of Peer and Southern Music.[2], for which ACEMLA holds composers' non-exclusive recorded assignment. *[App. at 4a-5a]* In December 1997, BMI and a group of music publishers (hereinafter identified as the Peer publishers), brought suit Civil No. 97-2875, against the LAMCO parties, alleging copyright infringement of 468 songs.[3] The competing publishers asserted that the LAMCO parties authorized the performance and use of 468 songs those publishers claimed to own because the referenced compositions were found to be listed in ACEMLA's musical catalog during 1996. See *Peer Int'l Corp. v. Latin Am. Music Corp. 161 F. Supp. 2d 38 (D.P.R. 2001)* The LAMCO parties answered that it only claimed ownership over 294 songs out of the 468 songs in controversy, and that the other 174 songs remained in the catalog due to an oversight that was corrected before they were sued. *[App. at 5a]* The confusion arose because SPACEM, a former Puerto

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[2] The PEER publishers could not provide any evidence of ownership over, at least, 29 songs out of the 51 songs in controversy nor does ASCAP claim the right to license them.

[3] The music publishers are Peer International Corporation of Puerto Rico, Southern Music Publishing Co., Inc., Peermusic, Ltd., Sonido, Inc., d/b/a FAF Publishing, Inc. (formerly known as Fania Publishing, Inc.), EMI Catalogue Partnership, EMI April Music, Inc.

Rican composers' society, authorized ACEMLA to license the performance of these songs in the past, but that agreement had expired. ACEMLA corrected the catalog in 1997 *before* the PEER publishers sued it and before knowing that PEER intended to sue.[4]

The LAMCO parties counterclaimed alleging ownership of approximately 700 songs, and the right of ACEMLA to license the 50% writer's performance share of the works, as well as anti trust claims. [App. at 5a] Regarding the 294 songs in controversy, LAMCO was entitled to license those songs because it had properly recorded its exclusive and non-exclusive assignment contracts with the composers before any of the Peer publishers recorded their purported assignments and without constructive knowledge of Peer's purported assignments. Section 205 of the Copyright Act of 1976 (17 U.S.C. §205) provides that LAMCO's recorded assignments prevail over conflicting assignments allegedly obtained by the Peer publishers since LAMCO recorded its ownership transfers without knowledge of earlier claims in good faith.

On October 2, 1998, the District Court stayed discovery. In spite of the lack of full discovery, on June 15, 1999, the Peer publishers and BMI moved for summary judgment. [App. at 4a] ASCAP and ACEMLA agreed to use only five (5) songs in their

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[4] The First Circuit of Appeal eventually reversed the District Court's holding that the LAMCO parties' mere authorization to use the songs in their catalogs constituted copyright infringement. *[App. A at 27a-29a]*

respective cross-motions for summary judgment as a "road map" to the interpretation of 17 U.S.C. § 205 to determine which publishers, represented by ASCAP, BMI and ACEMLA, owned the 51 songs used by LAMCO and ACEMLA to bring suit against the radio stations.[5] [App. at 4a and 7a] The District Court approved the agreement and granted the LAMCO parties' request to postpone their opposition to the Peer publishers and BMI's motion for summary judgment until late 2000.

On September 29, 2000, the LAMCO parties filed their opposition and cross motion for summary judgment to the Peer publishers and BMI's motion for summary judgment. *Peer Int'l Corp. v. Latin Am. Music Corp. 161 F. Supp. 2d 38 (D.P.R. 2001)*

On April 18, 2001, the District Court issued its First Amended Opinion and Order *[App. B]* ruling that music publishers did not have to record their assignments of musical works in order to put third parties on notice of such assignments. Under the circumstances detailed in the First Opinion, the District Court found that only "Ojos Chinos", one of the five songs, could be licensed by ACEMLA, and even for that song ACEMLA was not entitled to sue because it only has a non-exclusive license. *[App. at 16a]*

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[5] The five songs were 1) "Caballo Viejo" (by Simón Díaz), 2) "Ojos Chinos" (by Rogelio "Kito" Vélez), 3) "Patacón Pisa'o" (by Ramón A. Chaverra), 4) "Te Sigo Queriendo" (by Luz Celenia Tirado), 5) "Una Tercera Persona" (by Luz Celenia Tirado).

The District Court did not address ACEMLA's argument that even if the music publisher LAMCO were not the owner of any of the songs in controversy, the performance rights society ACEMLA could still license the "50% **writer's** performance share" of composers found to be affiliated with other publishers, as ASCAP & BMI do, since the assignments do not tie the composers to the performance right society elected by the publishers to collect their 50% **publishers'** performance share.[6] [See App E and F, containing BMI and ASCAP's letters affirming this right of composers] The composers had all assigned their writers' performance share to ACEMLA.

On July 6, 2001, the District Court informed the parties it would designate a Special Master to settle questions of ownership of the remaining songs based on the road map set forth in the First Opinion *[App. at 5a-6a]*. The LAMCO parties objected that the controversies were not overly complicated and

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[6] "[P]erformance rights societies will pay 50% of the performance royalties earned by any particular composition to the copyright owner of the song— this is known as the *publisher share* of performance royalties. The other 50% is paid directly to the song writers, **whether or not they own the copyright in the song**— this is known as the writer share of performance royalties. Both the song writers and the publishers will each receive their respective 50% shares of performance royalties directly from the performance rights societies. Guidelines for the allocation of royalties within each of these groups is governed by the amended consent decrees." (Emphasis added). *Al Khon and Bob Khon, Kohn On Music Licensing, p. 876(Aspen Law & Business, A Division of Aspen Publishing, Inc., New York, N.Y., Second Edition) 1996.*

certainly not beyond the District Court's Article III obligation. The LAMCO parties explained they could not afford the Master and also objected to the cost and the disparity of the distribution of the cost of the Special Master, under the circumstances. The PEER parties favored the appointment of a Special Master.

On August 15, 2001, the District Court issued its Second Opinion, essentially ruling the same as in its First Opinion [App. B]. See *Peer Int'l Corp. v. Latin Am. Music Corp. 161 F. Supp. 2d 38 (D.P.R. 2001)* Subsequently, on March 6, 2003, the District Court appointed a Special Master.

On August 1, 2005, the District Court dismissed with prejudice all of the LAMCO parties' claims, counterclaims and defenses based on its conclusion that the LAMCO parties had refused to pay the Special Master and had engaged in dilatory tactics. *See generally App. at 6a.* In the same order, the Court granted PEER's request that the Court adopt the Special Master's Report, finding the LAMCO parties' assertion that they had not seen the Special Master's Report unworthy of consideration.[7]

The record reflects that the District Court's description of the events was not accurate. LAMCO and ACEMLA tried to obtain a bond and provided evidence of the three insurance companies that rejected the LAMCO parties' requests. The Court was

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[7] The comments the LAMCO parties make in this brief about the Special Master's Report, if any, are based on their review of the Draft Report, which they did receive.

aware of the financial problems the LAMCO parties had. In the end, the District Court simply did not assign credibility to LAMCO and ACEMLA's audited financial statement, without even explaining how it would make any sense for the appearing parties to forfeit their causes of action if they had had the money to pay the Master. Notably, the LAMCO parties continue to pay the Special Master's fees as they received funds.

Only nominal discovery was permitted in the consolidated cases, and yet the LAMCO parties still demonstrated that the Peer publishers do not own many of the songs that they claimed. The District Court denied the discovery request and warned the LAMCO parties of contempt sanctions if they continue requesting discovery. Only adequate discovery would have revealed what the composers have really granted. Even though Peer finally produced copies of its purported assignments in its motion for summary judgment none of the composers were deposed. Peer does not record its purported assignments as the copyright law requires for other publishers to be put on notice of ownership, and it is very difficult to determine from composers if they actually executed any assignments and agreed to what the Peer publishers claim, without substantiation, *i.e.* through the production of the relevant contracts.[8] The PEER parties' generalized policy of not giving composers a copy of the agreement the composers signed, and their

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[8] This is true because many of PEER's contracts are for the songs written during a term of years, not a listing of songs to be licensed.

refusal to answer requests for such information from the LAMCO parties aggravated the LAMCO parties' disadvantage.[9] *See* App. G, Peer's In House Counsel, Mr. Peter Jaegerman, testified in the *Venegas* case, Civ. No. 01-1215, that PEER considered its list of composers, their assignment agreements, and the particular songs they have assigned to be privileged and confidential information. LAMCO's position is that the First Circuit's incorrectly ruled a third party to a contract who cannot obtain that contract from either of the parties to it, and which contract is not recorded at the Copyright Office is on notice of the contents of that contract. The purpose of a property registry such as the Copyright Office is to put third parties on notice of the titular owner of the property. Section 205 requires recordation in order for notice to occur. The First Circuit was wrong to hold that the LAMCO parties were on constructive notice of information they were only privy to after filing a lawsuit.

Even though the Special Master received information regarding the "50% writer's performance share" information in the charts used by the parties to summarize the information included in the pertinent assignments and licenses, the District Court did not rule on this key issue. Nevertheless, BMI and ASCAP have acknowledged that a composer who assigns his performance rights retains his writer's share of those

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[9] The LAMCO Parties, on the other hand, include their assignment contracts with their recordations. When the LAMCO parties register a copyright, they have to include a cassette tape of the song itself per the Copyright Office's Instructions.

rights, which he may license as he chooses. *See* letters from BMI and ASCAP, [App. E and F].

By Order entered on March 26, 2004, the District Court found as moot LAMCO and ACEMLA's motion for summary judgment pertaining to 36 songs out of the original 51 songs under Dist Ct. Civ. No. 96-2312(PG), among other motions and requests. In their opposition to the summary judgment requested by LAMCO, the Peer publishers made clear that they did not have any ownership evidence for at least twenty nine (29) songs out of the fifty-one (51) songs litigated in the first consolidated District Court Case Civ. 96-2312(PG). LAMCO, on the other hand, provided properly recorded assignments as well as certificates of copyright registrations for the 29 uncontroverted songs. The District Court ruled LAMCO's motion as moot and the First Circuit affirmed without any reasonable discussion *[App. at 20a, footnote no. 9]* Contrary to the stated by the First Circuit, the District Court did not refer the 29 songs to the Master.

The Circuit Court of Appeals for the First Circuit ruled that there was no proof that the LAMCO parties had infringed any song, remanding the case for further proceedings on that issue. [*App. at 28a-29a]* The First Circuit also determined that registration, by itself, constituted constructive knowledge of ownership, pursuant to 17 U.S.C.§ 205(c) *[App. at 13a-15a and 25a].*

The First Circuit also held, that pursuant to 17 U.S.C.§106, the publishers have exclusive right to license the performance of the songs explaining that there is no case law "to support a theory that a writer

retains a fifty percent performance share in a song after relinquishing the copyright." *[App. at 25a-26a].* The First Circuit Court did not address the fact that the Peer publishers' assignment contracts with the composers implicitly authorized the authors to license their 50% writer's share.

WHY THE CERTIORARI SHOULD BE GRANTED

The First Circuit's ruling on the issue of constructive notice, pursuant to 17 U.S.C.§205, is in conflict with the Seventh and Ninth Circuits. Contrary to the First Circuit's ruling, a copyright registration by itself cannot provide constructive notice. A certificate of registration alone, without a properly recorded ownership assignment, cannot show a title trail to the interested users of the Register of Copyrights. What the Seventh and Ninth circuits have correctly held is that a recorded document in the Copyright Office gives constructive notice of the facts in the document if the document identifies a registered work.

This issue will affect music composers and publishers around the nation as it would determine whether the Register of Copyright will provide an ownership title trail of copyright property or will simply store certificates of copyrights without properly identifying who are the actual owners of the copyrights and what has been the ownership trail of the copyrights as other property registries do.

This Court has never addressed the issue of the 50% writer's performance share. The industry standard for close to 70 years, is that even though the

composers, for the most part, may assign their entire copyright to a music publisher, the contract with the publishers entitles the composer to choose the performance right organization that is going to collect and pay their 50% writer's performance share out of their music performance by radio, television stations and other venues. This issue will affect how radio and television stations around the nation pay performance copyright royalties to music composers, authors and publishers.

I. The First Court's Ruling on the Issue of Constructive Notice is in Conflict with the Seventh and Ninth Circuits.

The First Circuit's Opinion and Order regarding the issue of *constructive notice* is in controversy with other Federal Circuits.[10] The First Court held: "A copyright registration certificate in the Copyright Office provides "constructive notice as to the ownership of the copyright and the facts stated in the registration certificate." *Saenger Org., Inc. v. Nationwide Ins. Licensing Assocs., Inc., 119 F.3d 55, 67 (1st Cir. 1997)....; cf. Gaiman v. McFarlane, 360*

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[10] Section 205(c) states, in pertinent part:

"(c) Recordation as constructive notice. Recordation of a document in the Copyright Office gives all persons constructive notice of the facts stated in the recorded document, but only if--

(1) the document, or material attached to it, specifically identifies the work to which it pertains so that, after the document is indexed by the Register of Copyrights, it would be revealed by a reasonable search under the title or registration number of the work; and

(2) registration has been made for the work."

F.3d 644, 655 (7th Cir. 2004) (holding that co-authors do not have incentive to check the federal copyright register as to ownership claimed by their collaborators)." App. at 14a-15a.

Gaiman v. McFarlane, 360 F.3d 644, 655 (7th Cir. 2004), contradicts the First Circuit's Opinion and the dicta in *Saenger Org., Inc. v. Nationwide Ins. Licensing Assocs., Inc., 119 F.3d 55, 67 (1st Cir. 1997).* The *Gaiman* court held: "We are therefore led to question the suggestion in *Saenger Organization, Inc. v. Nationwide Ins. Licensing Associates, Inc., supra, 119 F.3d at 66*, that registration provides constructive notice of a claim of ownership....(We further note that there was actual as well as constructive notice in *Saenger*.). The Seventh Circuit explicitly rejected the holding of the First Circuit based on the copyright statute itself: "**For one thing, the [Saenger] court was wrong to say that registration gives constructive notice. What the Act actually says is that recording a document in the Copyright Office gives constructive notice of the facts in the document if the document identifies a registered work. *17 U.S.C. § 205(c)*.**" (Emphasis added) *Gaiman at 655.* As the LAMCO parties argued to the First Circuit, "The purpose [of recordation] is to establish priority in the event of disputes, in bankruptcy court or elsewhere, over creditors' rights. *Aerocon Eng'g, Inc., v. Silicon Valley Bank (In re World Aux. Power Co.), 303 F.3d 1120, 1125-27 (9th Cir. 2002)*; *Broadcast Music, Inc. v. Hirsch, 104 F.3d 1163, 1165-67 (9th Cir. 1997)*; 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 10.07 (2003)." *Gaiman at 655.*

The *Saenger* case is not on point in that it does not discuss the need for the recordation of a transfer of a copyright registration. *Saenger* considered whether an author who produced a work for hire, rather than his employer, had the right to copyright the work in question. *Gaiman*, on the other hand, considered the rights of third parties outside the scope of the original transfer, who are not privy to the terms of such transfers. Third parties must attempt to determine the ownership of a work from the information contained at the Copyright Office. For example, for the song "Patacon Pisa'o", the purported owner, Unimusica, had not recorded any of the work's assignments. Without recordation, the LAMCO parties had no way of determining ownership from the public record if anyone else claimed the song its composer wanted to assign to the LAMCO parties. As *Gaimon* correctly holds, notice to the third parties is the purpose of recordation. Unimusica used an alias, Musica Unica, to register the song. Nonetheless, under the First Circuit's holding, that registration put the LAMCO parties on notice that Unimusica owned the song.

The Ninth Circuit also requires both registration and recordation for constructive notice to third parties. In *National Peregrine Inc. v. Capitol Federal Savings & Loan Association*, 116 B.R. 194; (C.D. Cal. 1990), cited with approval in *In re World Auxiliary Power*, 303 F.3d 1120 (9th Cir. 2002) the District Court noted that "[a] recordation scheme best serves its purpose where interested parties can obtain notice of all encumbrances by referring to a single, precisely defined recordation system." *Peregrine* at 202.

"The requirements of 205(c)(1) are intended to protect licensees, assignees, and/or bona fide purchaser for consideration by providing to them the true copyright ownership trail and identity of the copyright owner, to enable such persons seeking permission to use a copyrighted work to contact the proper party." *Northern Songs v. Distinguished Productions, Inc.,* 581 F.Supp.638, 640 (S.D.N.Y. 1984); *see also Daboub v. Gibbons,* 42 F.3d 285, 291 (5th Cir. 1995) ("Registration, combined with the deposit of copies, **and more importantly, the recordation of transfers,** comprises the public body of information which enables prospective users to trace the title of copyright.") [emphasis added]; Fritz, Lynne: "Divisible Copyright Under the Copyright Act of 1976: The Effect on Registration, Recordation Notice and Standing to Sue." 57 Neb. L.Rev. 1033, 1042 (1978).

"[R]egistration usually **indicates only initial ownership of exclusive rights** in a copyrighted work. Because a copyrighted work can be exploited in such a great variety of ways, the availability of information concerning initial ownership **may be of less importance than information revealing the exclusive rights which have subsequently been transferred to various owners**. The latter information is provided **through the statutory scheme of recording documents** which evidence a transfer of rights in a copyright." *Fritz, Lynne: "Divisible Copyright under the Copyright Act of 1976: The Effect on Registration, Recordation, Notice and Standing to Sue", 57 Neb. L. Rev. 1033, 1048 (1978)* (emphasis added). Only after a registered work has been identified through the recordation of the assignment can constructive notice occur, regardless of

whom registered the same. Due to this notice, such recordation of any subsequent transfer of rights also establishes the priority of any of the rights of the registered work.

Section 205 states that constructive notice requires both, **registration** and **recordation**. The LAMCO parties ask this Honorable Court to read Section 205 as written by Congress. The First Circuit Court's interpretation of Section 205 would render the Section superfluous. "The cardinal principle of statutory construction is to save and not to destroy," *National Labor Relations Bd. v. Jones & McLaughlin Steel Corp.*, 301 U.S. 1 (1937). Therefore, courts must "give effect, if possible to every word and clause of a statute." *Montclair v. Ramsdell,* 107 U.S. 147 (1883). This Court has continuously reaffirmed the precept that courts should not presume that Congress used superfluous language in its statutes. *U.S. v. Meléndez Santana,* 353 F.3d 93, 104 (1st Cir. 2003) *quoting Allende v. Shultz,* 845 F.2d 1111, 1117 (1st Cir. 1988), which in turn quotes *Montclair.*

On the other hand, the Peer publishers advance an interpretation that would render Section 205 superfluous. The District Court and First Circuit's decision that Registration alone constitutes constructive notice of the current copyright holder is contrary to Section 205. If this Court were to accept the Peer publishers' position, Section 205 would be a useless appendage to the law, signifying nothing.

II. The Standard Practice in the Industry is for Composers to License the 50% Writer's Share. No Circuit Has Ever Issued a Ruling on this Important Legal Issue.

The First Circuit disregarded the standard practice of assigning composers the 50% writer's shares of their performing rights. The Court ignored ASCAP and BMI's letters to various composers stating that they could assign their 50% writer's shares, as well as the Peer publishers' assignment contracts with their respective purported composers allowing them to choose the performing right societies that will collect their 50% writer's shares. Instead, the Court found that the lack of case law meant that none could be created. *[App. at 25a]* We suggest very respectfully that this Honorable Court should review this controversy.

Respected treatise writers have explained the standard practice in the industry.[11] Al and Bob Khon explain that "When a songwriter signs a standard music publishing agreement, he assigns his copyright to the publisher his copyright in his song, **but reserves the rights necessary to grant to his performance rights society his writers' shares of non dramatic performance rights.**"

Music publishers do not pay composers the 50% of the performing royalties to which they are entitled; the

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[11] Al Khon and Bob Khon, Kohn On Music Licensing, p. 877 (Aspen Law & Business, A Division of Aspen Publishing, Inc., New York, N.Y., Second Edition) 1996.

performing right society does. Music publisher standard agreements provide in pertinent part one of the following paragraphs:

> Writer shall not be entitled to share in any sums distributed to publisher by any performing rights organization which makes a direct or indirect distribution to writers. If however, any small performance rights shall be administered directly by the publisher or its assignees, agents or licensees, Publisher shall pay hereunder 50% of all net sums received by Publishers there from.

or

> The writer shall be entitled to a 50% share of the net amount of performing fees received by the publisher in the U.S., provided said fees include both, writer and publisher's shares and are payable in a fixed and determinable basis.

or

> The share of performing fees allocated to the writer designated as the writer's share, if and when such writer's share is received by the publisher.

The appearing parties have proven that the standard practice in the industry is that the composers license the 50% writer share, or, at the very least, the publishers'assignment contracts authorize the composers to choose the performance right society that will collect their 50% **writer's** share. The Peer

publishers, BMI and ASCAP never refuted this -- after all this is the standard they also practice. *[See App. E and F]* Accordingly, the LAMCO parties respectfully request this Court to review this issue and hold that under its non-exclusive copyright assignments ACEMLA is entitled to license the 50% writer share for the composers independently of whether LAMCO owns the songs. Notably, with the exception of this controverted ruling no Federal Circuit has ever issued a ruling on this important issue of Copyright Law.

The First Circuit based its holding on 17 U.S.C.§106 and the fact that most ownership assignments executed by the composers transfer the entire copyright to the music publisher.[12]

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[12] Section 106 states as follow:
"@ 106. Exclusive rights in copyrighted works

Subject to sections 107 through 121, the owner of a copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

(2) to prepare derivative works based upon the copyrighted work;

(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

(4) **in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly**;

(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and and pictorial, graphic, or sculptural works, including the individual images of a motion

Independently of who is the owner of the copyright (or more properly of the performance copyright), the music publishers and performance right societies, known as ASCAP and BMI, have for decades allowed the composers to select the performance right organizations that are going to pay their 50% **writer's** performance share from radio and television, independently of which performing organizations collect the 50% **publisher's** performance share. The issue has nothing to do with ownership but with what is established in the assignment contracts between the composers and the publishers regarding which performance organization will pay the 50% writer's share to the composers.

Unless the current assignment contracts between composers and publishers are amended, the composers are free to choose which performance right organization will collect and pay their 50% writer's share. This case started with ACEMLA suing a number of radio stations for not paying performance copyright royalties to the composers affiliated to ACEMLA. If it is true that ACEMLA, with a non-exclusive performance license, cannot sue radio stations and any other music users by itself, it is also true that if ACEMLA join the composer to the complaint, then it would be able to sue the radio stations for non-payment to the composer. If the

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picture or other audiovisual work, to display the copyrighted work publicly; and

(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission." (Emphasis added)

composers authorized ACEMLA to collect and pay their 50% writer's performance share, ACEMLA cannot be found liable of copyright infringement for complying with its agreement.

III. CONCLUSION AND PRAYER.

In view of the foregoing it is respectfully requested that this Court review these issues and hold that recordation is necessary for constructive notice to occur. In addition, it is requested that the Court remand this case for a clear ruling in regard to the 50% **writers'** share issue establishing that the composers could choose the performing right society who will collect their **writers'** performance share.

If the composers are not entitled to select which performance organization will collect their 50% writer's performance share, it is respectfully requested that this Honorable Court unambiguously rule the issue, given that for decades the Peer publishers, ASCAP and BMI have made believe the composers that they are entitled to do so.

RESPECTFULLY SUBMITTED,

JANE BECKER WHITAKER, ESQ.
Counsel of Record
Law Offices of Jane Becker Whitaker
P.O. Box 9023914
San Juan, Puerto Rico 00902-3914
Tel. (787) 754-9191
Fax. (787) 764-3101
E-mail: jbecker@caribe.net

ANGEL N. CARO, ESQ.
R-11 20th Street
Ciudad Universitaria
Trujillo Alto, Puerto Rico 00976
Tel: 787.761.0494; 787.399.7661
Fax: 787.758.0137
E-mail: mrangelcaro@aol.com

Attorneys for Petitioners

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APPENDIX

APPENDIX A

UNITED STATES COURT OF APPEALS FOR THE FIRST CIRCUIT

No. 05-2806

[Filed August 16, 2007]

LATIN AMERICAN MUSIC CO., INC. and ASOCIACIÓN DE COMPOSITORES Y EDITORES DE MÚSICA LATINOMERICANA,
Plaintiffs, Appellants,

TURABO RADIO CORP., ET AL.
Plaintiffs,

SOUTHERN MUSIC PUBLISHING CO., INC., ET AL.,
Plaintiffs, Appellees

v.

THE ARCHDIOCESE OF SAN JUAN OF THE ROMAN CATHOLIC & APOSTOLIC CHURCH, ET AL.,
Defendants, Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF PUERTO RICO

Hon. Juan M. Pérez-Giménez, U.S. District Judge

Before Lipez, Circuit Judge, Selya, Senior Circuit Judge, and DiClerico, Jr.,* District Judge.

DiClerico, District Judge. Latin American Music Company ("LAMCO") and Asociación de Compositores y Editores de Música Latino Americana ("ACEMLA") brought suit in 1996, alleging that the Archdiocese of San Juan of the Roman Catholic and Apostolic Church, through its two radio stations, along with ten other radio broadcasters, were infringing their copyrights in fifty-one songs.[1] The case then expanded to include other claims and parties and was consolidated with four related cases, which together involved copyrights to more than five hundred songs. LAMCO and ACEMLA appeal decisions by the district court that denied their infringement claims as to five songs;

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* Of the District of New Hampshire, sitting by designation.

[1] The original defendants were the Archdiocese d/b/a WORO-FM and WKVM-AM, Isabela Broadcasting Co. d/b/a WKSA-FM and WISA-AM, Kelly Broadcasting System, Corp. d/b/a WNIK-FM and WNIK-AM, Ramon Rodriguez & Associates, Inc. d/b/a WCFI-FM, Bestov Broadcasting System, Corp. d/b/a WIAC-AM and WIAC-FM, HQ-FM 103, Inc. d/b/a WCHQ-FM, AERCO Broadcasting, Corp. d/b/a WQBS-AM, Tommy Muñiz Productions, Inc. d/b/a WLUZ-AM, VI-MAN Broadcast System, Corp. d/b/a WEGA-AM, ABG Realty & Investment Corp. d/b/a WRSJ-AM, and Sensacion Broadcasting Corporation d/b/a WSAN-FM.

allocated half of the obligation to pay for a special master's fees to LAMCO and ACEMLA; dismissed their claims, counterclaims, and defenses as a sanction; and held that they were infringing copyrights owned by other parties.

I.

Luis Raul Bernard founded LAMCO, a music publisher based in New York, and ACEMLA, a performance rights society[2] affiliated with LAMCO and based in Puerto Rico. Bernard is the chief executive officer, director, and majority stockholder of both LAMCO and ACEMLA. Because LAMCO and ACEMLA are closely aligned in this case, we will refer to them as "LAMCO/ACEMLA," unless individual differentiation is necessary.

In response to the infringement suit brought against them by LAMCO/ACEMLA, the Archdiocese and the other radio broadcaster defendants (collectively referred to as "the Broadcasters") brought counterclaims against LAMCO/ACEMLA. They also filed third-party complaints against Broadcast Music, Inc., Peer International Corporation, and the American Society of Composers, Authors, and Publishers ("ASCAP"), seeking indemnification and a defense against the claims brought by

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[2] "Such organizations . . . obtain rights to musical compositions, license them (often through blanket licenses), and collect royalties from sub-licenses." *Venega-Hernandez v. Asociacion De Compositores y Editores De Música LatinoAmericana*, 424 F.3d 50, 52 (1st Cir. 2005).

LAMCO/ACEMLA.[3] ASCAP and LAMCO/ACEMLA disputed the rights to five of the songs listed in the LAMCO/ACEMLA complaint and agreed that resolution of the ownership and copyright issues as to those songs could serve as a roadmap for resolving the same issues as to the other songs disputed by the parties. ASCAP and LAMCO/ACEMLA filed motions for partial summary judgment. The district court granted ASCAP's motion, dismissing LAMCO/ACEMLA's infringement claims on all five songs.

Several music publishers (collectively referred to as "the Publishers") brought claims against LAMCO/ACEMLA, alleging that they owned or controlled copyrights to 468 songs that LAMCO/ACEMLA were infringing.[4] The Publishers moved for summary judgment on their infringement claims. LAMCO/ACEMLA disputed the rights to 294 of the songs claimed by the Publishers and moved for summary judgment as to infringement of those

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[3] A more detailed presentation of the complex procedural history of this case can be found in the district court's orders. *See Latin Am. Music Co. v. Archdiocese of San Juan of the Roman Catholic & Apostolic Church*, 2005 WL 1847013 (D.P.R. Aug. 2, 2005); *Latin Am. Music Co. v. Archidocese of San Juan*, 194 F. Supp. 2d 30 (D.P.R. 2001); *Peer Int'l Corp. v. Latin Am. Music Corp.*, 161 F. Supp.2d 38 (D.P.R. 2001).

[4] The music publishers are Peer International Corporation, Peer International Corporation of Puerto Rico, Southern Music Publishing Company, Inc., Peermusic Ltd., Sonido, Inc. d/b/a FAF publishing, EMI Catalogue Partnership, EMI April Music, Inc., and Broadcast Music, Inc.

copyrights. As to the remaining 174 songs, LAMCO/ACEMLA acknowledged that they had been included in an ACEMLA catalog in error but denied infringement. In response to the motions, the district court summarized the bases of the parties' claims of ownership and the applicable law but reserved judgment on infringement pending review of the ownership issues by a special master.

On March 31, 2003, noting that "the present copyright cases are complicated and extremely fact intensive," the district court appointed a special master to examine the documentation pertaining to the chains of title as to all of the songs at issue in the consolidated cases. The district court directed the special master to make recommendations as to issues of authorship, ownership, and compliance with statutory requirements, whether the copyrights for the songs at issue had been infringed, and if so, by whom, and a recommendation on LAMCO/ACEMLA's allegations of missing royalty payments. The special master's compensation was set at an hourly rate of $565. The district court ordered the Publishers to pay half of the fees and costs and LAMCO/ACEMLA to pay the other half and ordered each group to file a bond with the court in the amount of $37,500, within ten days following entry of the order.

During the course of the litigation, LAMCO/ACEMLA repeatedly failed to meet court-ordered deadlines and obligations, including posting the bond. On October 13, 2004, the district court issued an ultimatum, granting a final thirty-day extension of time for LAMCO/ACEMLA to post the bond and warning that failure to comply would result

in sanctions which could include dismissal of their claims and affirmative defenses. Nearly nine months later, on August 2, 2005, the district court concluded that LAMCO/ACEMLA had failed to comply with its order and dismissed their claims, counterclaims, and affirmative defenses in all of the consolidated cases.

On May 10, 2004, the special master issued his report and recommendation. The district court approved and adopted the special master's report and recommendation, in part, with modifications as to the ownership of rights to certain songs, and ordered a hearing to resolve a question about notice and good faith with respect to ownership of rights in other songs. With respect to the songs for which the special master's report and recommendation was approved, the district court granted the Publishers' motion for summary judgment on copyright infringement against LAMCO/ACEMLA. The order also assessed damages in the amount of $313,500 and allowed the Publishers to file an application for reasonable attorneys' fees and costs.

Following a hearing on ownership issues for the songs that were not resolved by the special master's report and recommendation, the district court determined that the Publishers also owned the copyrights to those songs. The court granted the Publishers' motion for summary judgment as to their infringement claims on those songs and awarded damages in the amount of $29,250. The court also granted the Publishers' motion for a permanent injunction against future infringement by LAMCO/ACEMLA and resolved other issues that were then pending. Based on those determinations, the

district court entered judgment as to the claims and counterclaims in the consolidated cases. LAMCO/ACEMLA appealed.

II.

On appeal, LAMCO/ACEMLA challenge the district court's decisions holding that LAMCO/ACEMLA did not own copyrights in five songs claimed by ASCAP-member publishers, apportioning fifty percent of the special master's fees to LAMCO/ACEMLA, sanctioning them for failing to post a bond as ordered, concluding that they lacked standing to seek rescission of copyright assignments, and holding that authorizing use of songs constitutes copyright infringement. ASCAP and the Publishers oppose LAMCO/ACEMLA's arguments on appeal.

A. Summary Judgment on Five Songs

ASCAP sought partial summary judgment on LAMCO/ACEMLA's infringement claims against the Broadcasters as to five songs, asking that those five claims be dismissed.[5] LAMCO/ACEMLA sought partial summary judgment that they held the performing rights licenses to the same five songs. The disputed five songs are: "Caballo Viejo" by Simón Díaz, "Patacón

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[5] ASCAP is a performing rights society that licenses "the public performance of nondramatic musical works on behalf of copyright owners of such works." 2 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 8.19 at 8-268.47 (2005) (quoting 17 U.S.C. § 101). ASCAP can grant only non-exclusive licenses on behalf of its members and does not own the copyrights to the works of its members. *Id.* at 8-269.

Pisa'o" by Ramon A. Chaverra, "Ojos Chinos" by Rogelio "Kito" Vélez, and "Te Sigo Quieriendo" and "Una Tercera Persona" by Luz C. Tirado.

The district court concluded that as to four of the songs, "Caballo Viejo," "Patacón Pisa'o," "Te Sigo Quieriendo," and "Una Tercera Persona," ASCAP members held the copyrights, which precluded LAMCO/ACEMLA's infringement claims arising from those songs. With respect to the fifth song, "Ojos Chinos," the district court determined that LAMCO/ACEMLA had a non-exclusive license, which might entitle them to receive payments from the Broadcasters but did not support standing to maintain a copyright infringement claim. The court also held that although LAMCO/ACEMLA recorded their agreement with the composer's heirs to a non-exclusive license for all performing rights to "Ojos Chinos," the recording did not comply with the requirements of 17 U.S.C. § 205(c) and, therefore, did not provide constructive notice of the license. Based on those conclusions, the court dismissed LAMCO/ACEMLA's infringement claims based on the five disputed songs. LAMCO/ACEMLA appeal that decision.

We review a district court's summary judgment decision de novo, using the same standard that governed below. *Ruiz-Rosa v. Rullan*, 485 F.3d 150, 155 (1st Cir. 2007). Summary judgment is appropriate when the facts properly supported by the record and taken in the light most favorable to the non-moving party "show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). Cross motions for summary judgment do not change

the standard. *Specialty Nat'l Ins. Co. v. OneBeacon Ins. Co.*, 486 F.3d 727, 732 (1st Cir. 2007). To prevail on a copyright infringement claim, "two elements must be proven: (1) ownership of a valid copyright, and (2) copying of constituent elements of the work that are original." *T-Peg, Inc. v. Vt. Timber Works, Inc.*, 459 F.3d 97, 108 (1st Cir. 2006) (internal quotation marks omitted); *accord Brown v. Latin Am. Music Co.*, ___ F. ___, 2007 WL 2253543, *3 (1st Cir. Aug. 7, 2007).

1. "Caballo Viejo"

It is undisputed that the composer, Simón Díaz, granted the rights to "Caballo Viejo" to Selemúsica, C.A. through an agreement dated September 29, 1981. Selemúsica entered agreements with West Side Music Publishing, Inc. that granted West Side the right to represent Selemúsica in the United States and its territories. West Side registered the copyright for "Caballo Viejo" in 1983, showing Selemúsica as the copyright owner.

LAMCO/ACEMLA based their claim to "Caballo Viejo" on their agreements with West Side. In an agreement dated May 15, 1981, West Side granted LAMCO/ACEMLA the photomechanical rights and the exclusive rights to publish and license performance of "Caballo Viejo" for a five-year term. West Side and LAMCO/ACEMLA also entered an exclusive performing rights agreement on January 3, 1982. LAMCO/ACEMLA recorded the 1981 agreement on December 17, 1986.

ASCAP asserted its claim to "Caballo Viejo" also based on the rights held by West Side. West Side

entered an agreement with Barnegat Music Corporation in 1989, which included the rights to collect performing fees and royalties for "Caballo Viejo." West Side and Barnegat merged in 1993. Barnegat had been a member of ASCAP since 1984. On December 2, 1986, before LAMCO/ACEMLA recorded their 1981 agreement with West Side, the Copyright Royalty Tribunal determined that "[t]he Settling Parties [which include ASCAP] showed that Selemusica, C.A. conveyed its rights to Barnegat Music Corp., an ASCAP member."[6] *Final Determination of the Distribution of the 1984 Jukebox Royalty Fund*, CRT No. 85-1-84JD, 1986 WL 116931, 51 Fed. Reg. 43, 455, 43, 459 (CRT Dec. 2, 1986).

The district court agreed with the Tribunal that Barnegat held the rights to "Caballo Viejo" but came to that conclusion based on a somewhat different chain of title. The court concluded that Hector Varona, the president of West Side, verbally terminated the 1982 agreement with LAMCO/ACEMLA, thereafter did not accept royalty payments sent to him, and refused to extend the 1981 agreement with LAMCO/ACEMLA. Based on those circumstances, the district court held, based on the summary judgment record, that the rights to "Caballo Viejo" were transferred from the composer to Selemúsica, to West Side, and then to Barnegat, an ASCAP member. The court ruled that

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[6] ASCAP relies on the Tribunal's finding, while LAMCO/ACEMLA denigrate it. Neither side cites authority as to what weight the Copyright Royalty Tribunal's finding should be given. We will not explore the preclusive effect of that determination in the absence of appropriately supported briefing by the parties.

ASCAP was entitled to collect performance royalties for the song.

On appeal, LAMCO/ACEMLA argue that the district court erroneously concluded that West Side rescinded the 1982 agreement with LAMCO/ACEMLA and assert that under the 1982 agreement, LAMCO/ACEMLA continue to own the rights to "Caballo Viejo." LAMCO/ACEMLA also argue that Varona, on behalf of West Side, could not terminate the 1982 agreement verbally because all transfers of copyright must be in writing. *See* 17 U.S.C. § 204(a). ASCAP contends that West Side's entire agreement with LAMCO/ACEMLA expired at the end of the 1981 agreement's five-year term and was not renewed.

The summary judgment record is far from clear as to how, when, or if the 1982 agreement was terminated. The record shows that the 1981 agreement between LAMCO/ACEMLA and West Side expired at the end of its five-year term in 1986.[7] The 1982 agreement between LAMCO/ACEMLA and West Side, however, did not include a time limit. In the 1982 agreement, West Side "transfer[red] and cede[d] to ACEMLA the exclusive rights to license in the territory or territories of United States, Puerto Rico and Dominican Republic all the rights to public performance which have been assigned to West Side and other [sic] which may be assigned in the future . . . ."

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[7] There is some evidence that the term was extended for a few months, which does not affect this decision.

Although the district court concluded that Varona verbally terminated the 1982 agreement, his testimony suggests that he did not remember or clearly understand the distinctions between the 1981 and 1982 agreements and that he was not sure when or how he terminated the 1982 agreement. Further, even if he did intend to terminate the 1982 agreement, that action would be effective only if the exclusive license, granted in the 1982 agreement, could be terminated verbally and unilaterally. The district court's order does not cite authority to support either theory.[8] Therefore, the record as it pertains to "Caballo Viejo" demonstrates that material facts remain in dispute so that ASCAP was not entitled to summary judgment as to that song.

2. "Patacón Pisa'o"

Ramon A. Chaverra wrote "Patacón Pisa'o" in 1984. He conveyed his copyrights to a Colombian music publisher, Prodemus, in February of 1984. Prodemus then conveyed to Música Unica Publishers the right to represent Prodemus in the United States and Puerto Rico, which gave Música Unica the rights to authorize and license "Patacón Pisa'o." Música Unica obtained a copyright registration certificate for "Patacón Pisa'o" on September 17, 1985. Música Unica, operating under the name Unimúsica, is an ASCAP member and has a licensing agreement with ASCAP.

LAMCO/ACEMLA's claim to rights for "Patacón Pisa'o" was based on a separate line of agreements. On

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[8] We take no position as to either of these disputed issues.

September 23, 1985, Chaverra, the composer, entered an agreement with Edinmúsica, LDT, transferring all title and licensing authority for "Patacón Pisa'o" as interpreted by another performer. On June 2, 1986, Edinmúsica and LAMCO/ACEMLA obtained a copyright registration for the words and music for "Patacón Pisa'o." In 1994, Chaverra terminated his agreement with Edinmúsica and entered an agreement with LAMCO/ACEMLA, transferring the exclusive rights to publish "Patacón Pisa'o" and non-exclusive rights to collect performance royalties. Chaverra also signed an affidavit, stating that LAMCO/ACEMLA represented his interests. On November 21, 1994, LAMCO/ACEMLA recorded Chaverra's affidavit and their agreement in the Copyright Office.

The district court concluded that because Música Unica never recorded its agreement with Chaverra, LAMCO/ACEMLA was the first to record. The district court held, however, that Música Unica's copyright registration certificate for "Patacón Pisa'o" provided constructive notice of Música Unica's claim to the song. For that reason, LAMCO/ACEMLA could not satisfy the good faith and without notice requirements of 17 U.S.C. § 205(d). LAMCO/ACEMLA dispute that result, arguing that the registration, in Música Unica's name, did not provide constructive notice that ASCAP had the right to license the song.

The recording statute, 17 U.S.C. § 205, provides the process for "the Copyright Office to accept for recordation any document pertaining to a copyright." 2 *Nimmer* on *Copyright*, *supra*, § 7.25, 7-233. Section 205 "is relevant primarily to providing notification of transfers of copyright ownership; hence, it is

interwoven with the inquiry over what constitutes constructive notice of ownership and accordingly, when a subsequent transferee may prevail over a prior transferee." *Id.* Section 205(d) provides:

> [a]s between two conflicting transfers, the one executed first prevails if it is recorded in the manner required to give constructive notice under [17 U.S.C. § 205(c)], within one month after its execution in the United States or within two months after its execution outside the United States, or at any time before recordation in such manner of the later transfer. Otherwise the later transfer prevails if recorded first in such manner, and if taken in good faith, for valuable consideration or on the basis of a binding promise to pay royalties, and without notice of the earlier transfer.

A copyright registration certificate in the Copyright Office provides "constructive notice as to the ownership of the copyright and the facts stated in the registration certificate." *Saenger Org., Inc. v. Nationwide Ins. Licensing Assocs., Inc.*, 119 F.3d 55, 67 (1st Cir. 1997); *see also Johnson v. Jones*, 149 F.3d 494, 505 (6th Cir. 1998) ("Constructive notice of a valid copyright is presumed upon registration."). Under federal copyright law, remedies for infringement are tied to copyright registration, which provides incentive to owners to register copyrights and "also provides potential infringers with an incentive to check the federal register." *Id.*; *cf. Gaiman v. McFarlane*, 360 F.3d 644, 655 (7th Cir. 2004) (holding that co-authors do not have incentive to check the federal copyright

register as to ownership claimed by their collaborators).

To meet the § 205(d) requirements and prevail on summary judgment as the first to record, LAMCO/ACEMLA had to provide undisputed facts that they recorded the transfer from Chaverra in good faith and without notice of the earlier transfer to Música Unica. It is undisputed, however, that Música Unica obtained a certificate of copyright registration for "Patacón Pisa'o" in September of 1985, days before Chaverra entered an agreement with Edinmúsica transferring rights to the song, and almost two years before Edinmúsica and LAMCO/ACEMLA obtained a copyright registration for the song. At the time LAMCO/ACEMLA entered into their transfer agreement with Chaverra, a review of the Copyright Office register would have revealed that Música Unica was listed as the copyright owner. Música Unica's registration certification for "Patacón Pisa'o," therefore, provided notice that prior transactions existed relating to the copyright for "Patacón Pisa'o," regardless of what entity currently might claim those rights.

LAMCO/ACEMLA argue for a different rule that would base constructive notice for purposes of § 205(d) on recording the transfer to the current copyright owner, focusing on identification of the current owner as opposed to notice of prior transfers. Because such an interpretation would appear to alter the existing legal standard, we are not persuaded to adopt LAMCO/ACEMLA's argument. *See, e.g., Pasdon v. City of Peabody*, 417 F.3d 225, 228 (1st Cir. 2005) (declining invitation to expand standard in the absence of

supporting legal authority); *Plumley v. S. Container, Inc.*, 303 F.3d 364, 371 (1st Cir. 2002) (same). The district court was correct in concluding, based on the record presented and § 205(d), that LAMCO/ACEMLA had notice of Música Unica's copyright claim to "Patacón Pisa'o," so that § 205(d) did not apply to give LAMCO/ACEMLA priority and ASCAP's claim prevailed over LAMCO/ACEMLA's claim.

3. "Ojos Chinos"

Regarding "Ojos Chinos," the district court concluded that LAMCO/ACEMLA had received and recorded their license before Southern Music Publishing Company, Inc. ("Southern") (an ASCAP member) recorded, giving LAMCO/ACEMLA priority. The court held, however, that because LAMCO/ ACEMLA held only a non-exclusive license, they lacked standing to bring a copyright infringement claim. The district court also stated that the transfer agreement LAMCO/ACEMLA recorded did not meet the specificity requirements of 17 U.S.C. § 205(c) and would not serve as constructive notice of LAMCO/ ACEMLA's rights to the song.

In their appellate brief, LAMCO/ACEMLA challenge only the court's ruling on the specificity requirements of § 205(c). In response, ASCAP notes that no dispute exists that a non-exclusive license does not provide standing to sue for infringement and does not address the district court's statements about the specificity requirements of § 205(c). LAMCO/ACEMLA filed a reply brief in which they assert, for the first time, that the district court failed to realize that the composer's heirs granted them an exclusive license to

"Ojos Chinos." We do not consider issues raised for the first time in a reply brief, and therefore, do not address LAMCO/ACEMLA's late claim that they were granted an exclusive license. *Guillemard-Ginorio v. Contreas-Gomez*, ___F. 3d ___, 2007 WL 1675837 at *8 n.3 (1st Cir. June 12, 2007) (citing *Waste Mgmt. Holdings, Inc. v. Mowbray*, 208 F.3d 288, 299 (1st Cir. 2000)).

The district court's ruling that as non-exclusive licensees LAMCO/ACEMLA lacked standing to bring an infringement claim is not disputed and is correct. 17 U.S.C. § 501(b) ("The legal or beneficial owner of an *exclusive* right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it." (emphasis added)). *See also, e.g., T-Peg*, 459 F.3d at 108 ("One infringes a copyright when he or she violates one of the exclusive rights to a work held by a copyright owner, and the owner has the right to sue for infringement."); *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 91 (2d Cir. 1998) ("Under United States law, an owner . . . may sue for infringement in a United States court only if it meets the standing test of 17 U.S.C. § 501(b), which accords standing only to the legal or beneficial owner of an 'exclusive right.'"); *I.A.E., Inc. v. Shaver*, 74 F.3d 768, 775 (7th Cir. 1996) ("[A] person holding a nonexclusive license has no standing to sue for copyright infringement, ..."). The district court's additional statements about the specificity requirements of § 205(c) are not material to the decision that LAMCO/ACEMLA lacked standing to sue for infringement. Therefore, we will not delve into

whether LAMCO/ACEMLA's recording satisfied § 205(c).

4. "Una Tercera Persona" and "Te Sigo Queriendo"

Luz C. Tirado wrote "Una Tercera Persona" and "Te Sigo Queriendo" in 1968 and transferred her rights in the songs to Southern, an ASCAP member, on November 20 and December 17, 1968, respectively. The transfer agreements also granted Southern the right to renew the copyrights and a power of attorney to act on Tirado's behalf in obtaining the copyright renewals. Southern registered the copyright to "Una Tercera Persona" on February 6, 1969, and registered the copyright to "Te Sigo Queriendo" on July 29, 1969. Southern did not record the registrations. Under the terms of the transfer agreements with Tirado, Southern, acting on behalf of Tirado, executed assignments of the renewal rights to "Una Tercera Persona" and "Te Sigo Queriendo" and obtained copyright renewal registration certificates for "Una Tercera Persona" on June 11, 1996, and for "Te Sigo Queriendo" on June 13, 1997.

On December 2, 1980 Tirado transferred the copyrights to 153 songs, including "Una Tercera Persona," to LAMCO/ACEMLA, and they recorded the transfer agreement with the Copyright Office on February 8, 1985. Tirado then granted LAMCO/ACEMLA the non-exclusive right to collect royalties on Tirado's behalf from the public performances of the 153 songs transferred by the December 2, 1980 agreement, and the royalties agreement was recorded on February 23, 1990. On September 25, 1986, Tirado

transferred her rights in "Te Sigo Queriendo" to LAMCO/ ACEMLA, and they obtained copyright registration on February 23, 1990.

On appeal, LAMCO/ACEMLA contend that the district court erred in crediting the 1996 and 1997 transfers of renewal rights to Southern because the assignments were not actually signed by Tirado. They rely on 17 U.S.C. § 205(a), which provides the requirements for recording copyright documents. LAMCO/ACEMLA fail to explain, however, why the recording statute, § 205(a), is pertinent to the validity of the 1996 and 1997 transfers. In contrast, 17 U.S.C. § 204(a), pertaining to execution of transfers of copyright ownership, provides that "[a] transfer of copyright ownership, other than by operation of law, is not valid unless an instrument of conveyance, or a note or memorandum of the transfer, is in writing and signed by the owner of the rights conveyed *or such owner's duly authorized agent*." (Emphasis added.) As LAMCO/ACEMLA have failed to show that Southern was not Tirado's "duly authorized agent," the district court correctly credited the 1996 and 1997 transfers to Southern.

LAMCO/ACEMLA also challenge the district court's conclusion that Southern's 1969 certificates of registration for "Una Tercera Persona" and "Te Sigo Queriendo" provided notice of conflicting ownership interests in those songs. At the time LAMCO/ACEMLA entered into agreements to obtain the copyrights to "Una Tercera Persona" and "Te Sigo Queriendo," a review of the Copyright Office register would have revealed the registration certificates for those songs, giving LAMCO/ACEMLA notice that

Southern claimed the copyrights. *See Saenger*, 119 F.3d at 66. Because LAMCO/ACEMLA failed to produce evidence that the copyright certificates are invalid, the district court correctly concluded, for purposes of summary judgment, that LAMCO/ACEMLA had notice of Southern's copyright claims and, for that reason, could not meet the good faith and lack of notice requirements of § 205(d).

B. Payment Allocation

The Publishers and LAMCO/ACEMLA filed summary judgment motions on claims of ownership and infringement of copyrights for 468 songs. Instead of deciding the motions, the court laid the groundwork for a special master to use in addressing the complex issues of ownership and infringement. On March 31, 2003, the district court appointed Morton David Goldberg, Esquire, to serve as a special master in the case.[9] The court apportioned payment of the special master's fees between the Publishers and LAMCO/ACEMLA in equal portions and directed the special

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[9] The special master circulated a draft report and recommendation on March 4, 2004. On March 26, 2004, the district court denied ASCAP's and LAMCO/ACEMLA's then-pending motions for summary judgment as moot, without explanation. LAMCO/ACEMLA argue that the district court erred in denying their motion. Because the issues raised in their motion had been referred to the special master, the district court properly denied the motion on procedural grounds. *See, e.g., Becker v. Fed. Election Comm'n*, 230 F.3d 381, 389 (1st Cir. 2000) (discussing mootness in context of redressability). The subsequent proceedings are described in the district court's order issued on September 26, 2005.

master to bill the parties monthly. The parties were each ordered to file a bond in the amount of $37,500. On appeal, LAMCO/ACEMLA challenge the district court's decision to divide equally, between LAMCO/ACEMLA and the Publishers, the obligation to pay the special master's fees.[10]

Federal Rule of Civil Procedure 53(a), which governed in March of 2003 when the district court appointed the special master, gave the district court authority to allocate his fees "as the court may direct." Fed. R. Civ. P. 53(a) (2003).[11] Under Rule 53(a), "the district court enjoys broad discretion to allocate the master's fees as it thinks best under the circumstances of the case." *Aird v. Ford Motor Co.*, 86 F.3d 216, 221 (D.C. Cir. 1996); *see also* 9A Charles Alan Wright & Arthur R. Miller, Federal Practice & Procedure: Civil § 2608 (2d ed. 1995). Therefore, a court's decision on allocation is reviewed for abuse of discretion. *Morgan v. Kerrigan*, 530 F.2d 401, 427 (1st Cir. 1976); *accord Roy v. County of Lexington, S.C.*, 141 F.3d 533, 549 (4th Cir. 1998); *Manhattan Indus., Inc. v. Sweater Bee by Banff, Ltd.*, 885 F.2d 1, 9 (1st Cir. 1989). "An abuse of discretion occurs when a material factor deserving significant weight is ignored, when an improper factor is relied upon, or when all proper and no improper factors are assessed, but the court makes a serious mistake in weighing them." *Sheppard v. River Valley*

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[10] LAMCO/ACEMLA challenge the district court's allocation decision, not the decision to appoint a special master.

[11] The amendments that added subdivision (h), addressing compensation, were not effective until December 1, 2003.

Fitness One, L.P., 428 F.3d 1, 6 (1st Cir. 2005) (internal quotation marks omitted).

LAMCO/ACEMLA assert that the Publishers should have been required to pay the majority of the fees because they had "enormously disproportionate wealth" and were responsible for complicating the case to include more than 500 songs. LAMCO/ACEMLA also contend that the Broadcasters should have paid some of the fees because they benefitted from the special master's work and were parties to the suit. Equal apportionment of the fees between the Publishers and LAMCO/ACEMLA, they argue, constituted an abuse of discretion.

Such arguments might be persuasive if the record supported them. Here, however, the record shows that LAMCO/ACEMLA initiated a copyright infringement case that foreseeably burgeoned into claims involving more than five hundred songs.[12] The record also shows that the district court gave LAMCO/ACEMLA repeated opportunities to demonstrate their inability to pay their share of the fees, which LAMCO/ACEMLA failed to do. With respect to the Broadcasters' benefit from the special master's work, the Publishers took their place through the indemnification provisions in the agreements between them and paid half of the fees, partially on their behalf. Therefore, in the particular circumstances of this case, LAMCO/ACEMLA have not shown that the district court

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[12] LAMCO/ACEMLA were not strangers to the foreseeable complexities of copyright litigation. *See, e.g., ACEMLA v. Copyright Royalty Tribunal*, 854 F.2d 10 (2d Cir. 1988).

abused its discretion in the equal allocation of the special master's fees.

C. Sanctions

In August of 2005, the district court dismissed LAMCO/ACEMLA's remaining claims, counterclaims, and defenses as a sanction for failing to comply with the court's orders to post a bond for their share of the special master's fees. LAMCO/ACEMLA challenge the sanction as being too extreme for the circumstances and, therefore, an abuse of discretion.

"A dismissal entered to sanction a party for failure to comply with a court's order or for failure to prosecute the case is reviewed for abuse of discretion." *Ruiz-Rosa*, 485 F.3d at 153. Whether a sanction constitutes an abuse of discretion is determined by considering all of the pertinent circumstances, "including the severity of the violation, the legitimacy of the party's excuse, repetition of violations, the deliberateness vel non of the misconduct, mitigating excuses, prejudice to the other side and to the operations of the court, and the adequacy of lesser sanctions." *Id.* at 154 (internal quotation marks omitted).

The docket and record in this case show a pattern of delaying conduct by LAMCO/ACEMLA. The district court had previously imposed sanctions against LAMCO/ACEMLA because of unexcused delay in responding to a motion for summary judgment. After a year and a half of LAMCO/ACEMLA failing to comply with the order to post a bond for their share of the special master's fees, the district court issued an

ultimatum on October 13, 2004. The court ordered LAMCO/ACEMLA to post the bond within thirty days and warned that failure to comply would result in sanctions, including possible dismissal of their claims and defenses. After waiting for more than eight more months, during which time LAMCO/ACEMLA still did not post the ordered bond or provide adequate reasons for their failure to do so, on August 2, 2005, the district court dismissed LAMCO/ACEMLA's remaining claims, counterclaims, and affirmative defenses as a sanction for their failure to comply with the court's orders. Under these circumstances, the district court's sanction was not an abuse of discretion.[13]

D. Summary Judgment in Favor of the Publishers

The district court granted summary judgment in favor of the Publishers on their infringement claims against LAMCO/ACEMLA. On appeal, LAMCO/ ACEMLA argue that the district court erred in holding that a certificate of copyright registration provides notice for purposes of § 205(d), that merely authorizing the use of songs constitutes copyright infringement, and that infringement could occur when LAMCO/ ACEMLA had the right to license a "fifty percent writer's share" of the disputed songs. The Publishers,

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[13] LAMCO/ACEMLA assert, as part of their statement of the case, that their counterclaim against Peer and Broadcast Music, Inc. remains pending, despite the sanction imposed by the district court. Because LAMCO/ACEMLA provide no developed argumentation to support that assertion, we do not consider it here. *See United States v. Zannino*, 895 F.2d 1, 17 (1st Cir. 1990).

joined in part by ASCAP, defend the district court's decision.

1. Section 205(d)

LAMCO/ACEMLA dispute the district court's ruling that registration of a copyright constitutes notice for purpose of § 205(d). As they did in opposition to ASCAP's claim to "Patacón Pisa'o," LAMCO/ACEMLA argue that recording, in compliance with § 205(c), should be required to provide notice under § 205(d). We previously rejected that argument, and the same result applies here. The district court's interpretation of § 205(d) was not erroneous.

2. Writers' Share

LAMCO/ACEMLA claim that they have not infringed the copyrights to the disputed songs because they were entitled to license a "fifty percent writer's performance share" of ACEMLA's affiliated composers. They have not cited authority, however, to support a theory that a writer retains a fifty percent performance share in a song after relinquishing the copyright. In contrast to LAMCO/ACEMLA's theory, the owner of a copyright "has the exclusive rights to do and to authorize . . . [others] to perform the copyrighted work publicly." 17 U.S.C. § 106(4); *see also, e.g., Phillips v. Pembroke Real Estate, Inc.*, 459 F.3d 128, 133 (1st Cir. 2006) (discussing the limited rights retained by an artist after relinquishing the copyright to his work); *Beethoven.com LLC v. Librarian of Congress*, 394 F.3d 939, 942-43 (D.C. Cir. 2005) (discussing the exclusive performance rights

held by copyright owner under Digital Millennium Copyright Act).

In addition, even if LAMCO/ACEMLA could support their retained performance rights theory, to the extent it is raised as a defense to the Publishers' infringement claims, it has been dismissed as part of the sanction imposed by the district court.

3. Rescission

LAMCO/ACEMLA challenged the Publishers' rights to some of the disputed songs on a rescission theory. Specifically, LAMCO/ACEMLA argued that the Publishers had failed to pay royalties under their agreements with the composers, which provided a basis for rescinding the agreements with those composers. The district court ruled that LAMCO/ACEMLA lacked standing to claim that the agreements should be rescinded. On appeal, LAMCO/ACEMLA contend that the district court's decision was error.

A question of who may assert an otherwise justiciable claim is a question of prudential standing that does not implicate the court's jurisdiction. *Baena v. KPMG LLP*, 453 F.3d 1, 5 (1st Cir. 2006). "[A] party generally must assert his own legal rights and interests, and cannot rest his claim to relief on the legal rights or interests of third parties." *Kowalski v. Tesmer*, 543 U.S. 125, 129 (2004) (internal quotation marks omitted). A party may assert a claim on behalf of another only when "the party asserting the right has a 'close' relationship with the person who possesses the right" and when "there is a 'hindrance' to the

possessor's ability to protect his own interests." *Id.* at 130.

The composers, not LAMCO/ACEMLA, were parties to the agreements in question. LAMCO/ACEMLA have not cited authority to show that they, as non-parties to the composers' agreements with the Publishers, may seek rescission. They have not shown a close relationship with the composers or a hindrance to the composers' ability to protect their own rights. Therefore, the district court correctly determined that LAMCO/ACEMLA lacked standing to assert that the composers' agreements with the Publishers should be rescinded. In addition, to the extent rescission is raised as a defense to the Publishers' infringement claims, it was dismissed by the district court as part of the sanction imposed on LAMCO/ACEMA.

4. Infringement

LAMCO/ACEMLA challenge the district court's conclusion that they infringed the Publishers' copyrights in the disputed songs by including them in the ACEMLA catalog. They contend that merely authorizing the use of the songs, in the absence of proof that the songs were actually used in an infringing manner, is not infringement. The Publishers argue that the particular circumstances of this case show conduct by LAMCO/ACEMLA beyond merely authorizing use of the songs.

17 U.S.C. § 106 provides the exclusive rights that are held by the owner of a copyright. "One infringes a copyright when he or she violates one of the exclusive

rights to a work held by a copyright owner, and the owner has the right to sue for infringement." *T-Peg, Inc.*, 459 F.2d at 108. Mere authorization of an infringing act is an insufficient basis for copyright infringement. *Venegas-Hernandez*, 424 F.3d at 57-58. Infringement depends upon whether an infringing act, such as copying or performing, has occurred. *Id.* at 58-59. Therefore, to prove infringement, a claimant must show "an infringing act after the authorization." *Id.* at 59.

In this case, the district court held that LAMCO/ACEMLA infringed the Publishers' copyrights by including songs assigned to the Publishers in ACEMLA's catalog. The district court also noted that LAMCO/ACEMLA had songs available to be heard through their website and had distributed a compact disc that included some of the Publishers' songs. The Publishers argue that LAMCO/ACEMLA "knowingly hijacked" their songs by including them in the ACEMLA catalog, issued licenses to broadcasters for songs that they knew were assigned to someone else, and threatened and initiated litigation against broadcasters who played works in ACEMLA's catalog.

The Publishers have not cited authority to show that including songs in a catalog, issuing licenses, and threatening litigation are infringing actions under § 106. The district court identified eight songs that were available on ACEMLA's website and two of those songs, along with an additional song, that had been distributed by LAMCO/ACEMLA in a compact disc. While those might be infringing actions, only nine of the 468 songs that were the subject of summary judgment are involved. In addition, the district court

did not decide whether LAMCO/ACEMLA had committed infringing acts in addition to authorization, leaving a factual issue as to whether LAMCO/ ACEMLA's actions were infringing acts. In the absence of guidance from the district court and little assistance from the parties, we cannot decide whether the record contains sufficient undisputed evidence of infringing acts to warrant summary judgment on infringement. We therefore vacate this aspect of the district court's judgment and remand for further proceedings on this issue.

Conclusion

Summary judgment in favor of ASCAP is reversed as to the song "Caballo Viejo" and is affirmed as to the other four songs. The district court's allocation of payment of the special master's fees and the decision imposing sanctions on LAMCO/ACEMLA are affirmed. Summary judgment in favor of the Publishers on infringement of the copyrights to 468 songs is reversed. The case is remanded to determine the ownership of the rights to "Caballo Viejo" and whether LAMCO/ ACEMLA infringed the copyrights to 468 songs held by the Publishers. Each party shall bear its own costs on appeal.

Reversed in part; affirmed in part; remanded.

APPENDIX B

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

Civ. No. 96-2312 (PG)

[Filed April 18, 2001]

LATIN AMERICAN MUSIC CO., INC., ET AL.,	)
	)
v.	)
	)
ARCHDIOCESE OF SAN JUAN OF THE ROMAN CATHOLIC AND APOSTOLIC CHURCH, ET AL.,	)

AMENDED OPINION & ORDER

Before the Court is Third-party Defendant American Society of Composers' ("ASCAP") Motion for Summary Judgment (Dkt. 97), Co-defendants Latin American Music Company, Inc.'s ("LAMCO") and ACEMLA de P.R., Inc.'s ("ACEMLA") Motion for Partial Summary Judgment (Dkt. 98), and the oppositions to those motions by each of the respective parties (Dkts. 110 & 109). At issue in this copyright infringement case is five (5) of more than four-hundred (400) songs: (1) "Caballo Viejo" by Simón Diaz; (2) "Patacón Pisa'o" by Ramon A. Chaverra; (3) "Ojos

Chinos" by Rogelio "Kit" Vélez; (4) "Te Sigo Quieriendo" by Luz C. Tirado; and (5) "Una Tercera Persona" by Luz C. Tirado.

The Court proceeds to determine ownership of each of the at-issue songs before proceeding, when applicable, with LAMCO's and/or ACEMLA's ("LAMCO/ACEMLA") copyright infringement claims.

SUMMARY JUDGMENT STANDARD

Summary judgment is appropriate where "there is no genuine issue as to any material fact and the moving party is entitled to judgment as a matter of law." FED.R.CIV.P. 56 (c). A fact is material, if under applicable substantive law, it may affect the result of the case and a dispute is genuine only if there is conflicting evidence that requires a trial to resolve the discrepancy. *See Ortega-Rosario v. Alvarado-Ortiz*, 917 F.2d 71, 73 (1st Cir. 1990). Once the movant has presented probative evidence establishing its entitlement to judgment, the party opposing the motion must set forth specific facts demonstrating that there is a material and genuine issue for trial. *See id.; Celotex Corp. v. Catrett*, 477 U.S. 317, 323-25 (1986). In determining whether summary judgment is warranted, the court views the facts alleged in the light most favorable to the non-moving party and must indulge all inferences in favor of that party. *See Rossy v. Roche Products, Inc.*, 880 F.2d 621, 624 (1st Cir. 1989).

"Cross motions for summary judgment neither alter the basic Rule 56 standard, nor warrant the grant of summary judgment per se. *See Wiley v. American*

Greetings Corp., 762 F.2d 139, 141 (1st Cir. 1985). Cross motions simply require us to determine whether either of the parties deserves judgment as a matter of law on facts that are not disputed. *See id.* " *Wightman v. Springfield Terminal Ry. Corp.*, 100 F.3d 228, 230 (1st Cir. 1996).

> Cross-motions for summary judgment are no more than a claim by each side that it alone is entitled to summary judgment, and the making of such inherently contradictory claims does not constitute an agreement that if one is rejected the other is necessarily justified or that the losing party waives judicial consideration and determination whether genuine issues of material fact exist. If any such issue exists it must be disposed of by a plenary trial and not on summary judgment. *See Rains v. Cascade Industries, Inc.*, 402 F.2d 241, 245 (3d Cir. 1968). *See also Redman v. Warrener*, 516 F.2d 766, 768 & n. 2 (1st Cir. 1975); 6 J. MOORE, MOORE'S FEDERAL PRACTICE ¶ 56.13 (2d ed. 1981) ("The well-settled rule is that cross-motions for summary judgment do not warrant the court in granting summary judgment unless one of the moving parties is entitled to judgment as a matter of law upon facts that are not genuinely disputed.") (footnotes omitted).

Wiley v. American Greetings Corp., 762 F.2d at 140-41.

FACTS

ASCAP is an unincorporated New York membership association with more than 80,000

members who write and publish musical compositions. Typically, each member grants to ASCAP a nonexclusive license to authorize public performances of the member's copyright music. On behalf of its members, ASCAP then licenses the right to perform publicly all of the hundreds of thousands of copyrighted songs in the ASCAP repertory. ASCAP's licensees include television networks and stations, radio networks and stations, restaurants, nightclubs, hotels, as well as other music users.

LAMCO is a New York corporation having as its principal place of business in the Bronx, New York. LAMCO is a music publishing company that also, at times, functions as a music performing rights organization.

ACEMLA is a performing rights organization, organized and existing under the laws of Puerto Rico. ACEMLA's principal place of business is Hato Rey, Puerto Rico.

ASCAP entered this case due to the claimed-licenses to the following radio stations to perform works in the ASCAP repertory: The Archdiocese of San Juan of the Roman Catholic and Apostolic Church b/d/a WORO-FM and WKVM-AM; Isabela Broadcasting Co. d/b/a WKSA-FM and WISA- AM; Bestov Broadcasting System Corp. d/b/a WIAC-AM and WIAC-FM; and AERCO Broadcasting Corp, b/b/a

WQBS-AM.[1] The agreements between ASCAP and the radio stations provide that ASCAP will defend claims brought against compositions covered by those agreements.

CABALLO VIEJO

On September 29, 1981, Selemúsica, C.A., a Venezuelan music publisher, contracted with Simón Díaz to obtain the rights in certain of Mr. Díaz's songs, including "Caballo Viejo," on September 29, 1981. The contract granted Selemúsica the power to license the performance rights in "Caballo Viejo" throughout the world. Subsequently, Selemúsica executed agreements with West Side Music Publishing, Inc., ("West Side") a predecessor-in-interest of Barnegat Music Corp. ("Barnegat"), granting West Side the right to represent Selemúsica in the United States and its territories (including Puerto Rico). The agreements identified Caballo Viejo as one of the works to be exploited by West Side. Selemúsica applied for and obtained a copyright registration certificate (PA 186-131; date of

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[1] The ASCAP-Radio Station license grants to each radio station licensee "a license to perform publicly by radio broadcasting [as part of the licensee's radio program] non-dramatic performances of the separate musical compositions in the 'Society's Repertory'." The "Society's Repertory" "means all musical compositions which the Society has the right to license for public performance now or hereafter during the term of this agreement. Included for the full term of this agreement are all compositions written and copyrighted by members of Society and in the repertory on the date this agreement is executed. Compositions later written or copyrighted by members during the license term shall be included for the full balance of the term."

publication January 12, 1981) for "Caballo Viejo" listing Selemúsica as copyright claimant effective August 16, 1983.

West Side first granted certain rights (including the right to collect performing rights royalties) to Barnegat, and then effectively merged the two entities into a single business. Barnegat has been an ASCAP member since 1984.

On May 15, 1981, West Side entered into an agreement with LAMCO whereby the former transferred to the later the exclusive rights to publish and license performance and phonomechanical rights to "Caballo Viejo" in the United States and Puerto Rico. LAMCO recorded the May 15, 1981 transfer of exclusive rights from West Side to LAMCO regarding all musical compositions contained in the Selemúsica repertory with the Register of Copyrights on December 17, 1986.

On December 2, 1986, the Copyright Royalty Tribunal found that "Caballo Viejo" was "allegedly transferred to West Side Music Publishing, Inc., which in turn [was] assigned to ACEMLA, but the registration certificates only show West Side Publishing as an addressee for correspondence, and that Selemúsica, C.A. is the copyright owner. [ASCAP and the other parties] showed that Selemúsica, C.A. conveyed its rights to Barnegat Music, Corp., an ASCAP member." *Final Determination of the Distribution of the 1984 Jukebox Royalty Fund*, Dkt. No. 85-1-84JD, 51 FR 43455-01, 1986 WL 116931 (Copyright Roy. Trib. Dec. 2, 1986), *aff'd*, 835 F.2d 446 (2d Cir. 1997).

On January 3, 1982, West Side entered into an Exclusive Performing Rights Assignment Agreement with LAMCO granting all exclusive rights to license in the United States, Puerto Rico and the Dominican Republic, the public performance of all music and compositions titles contained in the West Side repertory. The May 15, 1981 assignment agreement between West Side and LAMCO was for a specific term of five (5) years. West Side ultimately orally terminated the May 1981 Agreement in 1986. The subsequent January 3, 1982 Exclusive Performing Rights Assignment Agreement between West Side and LAMCO appears to have had no term limitation.

PATACON PISA'O

Ramon A. Chaverra, then a resident of Cartagena, Columbia, wrote the song "Patacón Pisao" sometime in 1984. On February 3, 1984, Chaverra entered into an agreement by which he conveyed his copyright rights to a Colombian music publisher, Prodemus. Also in February 1984, Prodemus and Música Unica Publishers entered into a separate agreement by which Prodemus conveyed to Música Unica Publishers the right to represent Prodemus as its subpublisher in the United States and Puerto Rico. This agreement gave Música Unica Publishers (also known as "Música Unica Publishing"), among other rights, the right to authorize, and to authorize others, to license the right to perform "Patacón Pisa'o" in the United States and Puerto Rico. Subsequently, Música Unica Publishers applied for and obtained a copyright registration certificate, PA 262010, effective September 17, 1985.

On September 23, 1985, Chaverra, entered into an agreement with Edinmúsica, LTD in Cartagena, Colombia, transferring all title and licensing authority to the phonomechanical and performing rights of the musical work "Patacón Pisa'o", as interpreted by Johnny Ventura, in the United States, Puerto Rico, Panama and Venezuela to Edinmúsica. The transfer agreement was duly authenticated in accordance to Section 204 of the Copyright Act. On June 2, 1986, Edinmúsica and LAMCO jointly filed and registered with the Register of Copyrights the words and music to "Patacón Pisa'o" and other musical works of Ramón A. Chaverra.

On September 7, 1994, Chaverra notified Edinúsica in writing of the termination of the September 23, 1985 transfer agreement. On September 9, 1994, Chaverra and LAMCO entered into two (2) separate agreements transferring to LAMCO the exclusive rights to publish and transferring to ACEMLA (LAMCO's performance rights organization) the non-exclusive right to collect performance royalties in reference to "Patacón Pisa'o" and other musical compositions for a period of ten (10) years in the United States. These agreements were the subject of two (2) separate recordations with the Register of Copyrights on November 21, 1994.

ASCAP has asserted a non-exclusive right to collect performance royalties related to "Patacón Pisa'o." From March 1, 1983 on Unimúsica, Inc. has been a member of ASCAP. The membership agreement grants ASCAP the right to license public performances of Unimúsica works, including "Patacón Pisa'o," in the United States and Puerto Rico. ASCAP asserts that

although the U.S. copyright for the song "Patacón Pisa'o" is in the name of Música Unica Publishing, it is one of many works covered by the agreement between ASCAP and Unimúsica, Inc., because "Música Unica Publishing" is a fictitious trade name of Unimúsica, Inc. and, therefore, Música Unica Publishing works are deemed to be in the ASCAP repertory.

OJOS CHINOS

Rogelio ("Kito") Velez wrote the song "Ojos Chinos" sometime before November 29,1963. On that date, Mr. Velez and Southern executed an agreement pursuant to which Mr. Velez transferred all of his rights, title and interest in the song "Ojos Chinos" to Southern Music Publishing Co., Inc. ("Southern"). The agreement authorized Southern to apply for the copyright in the work and to renew the copyright in the work. Pursuant to the Velez-Southern agreement, Southern applied for and received two copyright registration certificates from the Copyright Office for two separate published versions of the song "Ojos Chinos": EP 186619 (date of publication, March 23, 1964), effective April 14, 1964 and EP 317280 (date of publication, August 25, 1972), effective October 11, 1975. On or about July 1,1992, Southern applied for a copyright renewal registration certificate for "Ojos Chinos," to which the U. S. Copyright Ofice issued a renewal registration certificate dated July 6, 1992, RE 587946, to Southern.

Because Mr. Velez had died prior to Southern's obtaining of the renewal copyright certificate, Southern sought and obtained an assignment of the

renewal rights from Mr. Velez's widow, Paula Montalvo Vda. De Velez and his children.

On March 28, 1994, the heirs of Kito Velez granted ACEMLA a worldwide non-exclusive license, during a specified term of ten (10) years, to collect performing royalties on approximately thirty (30) music titles composed by Velez. This license agreement and its accompanying documents specifically included "Ojos Chinos." ACEMLA recorded the agreement with the Register of Copyrights on July 8, 1994.

UNA TERCERA PERSONA

Luz Celenia Tirado wrote the song "Una Tercera Persona" in 1968. On November 20, 1968, Ms. Tirado and Southern executed an agreement pursuant to which Ms. Tirado transferred to all of her rights, title and interest in the song "Una Tercera Persona" to Southern. The agreement authorized Southern to apply for the copyright in the work and to renew the copyright in the work. Pursuant to the Tirado-Southern agreement, Southern applied for and received a copyright registration certificate EP 255172 (date of publication, December 19, 1968) from the Copyright Office for the published version of the song "Una Tercera Persona," effective February 6, 1969.

On June 6, 1996, Southern executed an assignment of the renewal rights in "Una Tercera Persona" horn Luz Celenia Tirado to Southern. The assignment of renewal rights granted Southern the power to act as her attorney-in-fact in renewing the copyright. On June 11, 1996, using their power-in-fact authority, Southern obtained a copyright renewal registration

certificate for "Una Tercera Persona" in the name of Luz Celenia Tirado. The U.S. Copyright Office issued a renewal registration certificate dated June 11,1996, RE 734-098, to Southern. Southern is a long time member of ASCAP.

Through an agreement dated December 2, 1980, Luz Celenia Tirado transferred to LAMCO the copyright ownership of approximately 153 music titles including "Una Tercera Persona." LAMCO recorded the transfer with the Register of Copyright on February 8, 1985. On December 26, 1984, LAMCO filed for the registration of the music and words to "Una Tercera Persona."

TE SIGO QUERIENDO

Luz Celenia Tirado wrote the song "Te Sigo Queriendo" in 1968. On December 17, 1968, Ms. Tirado and Southern executed an agreement pursuant to which Ms. Tirado transferred all of her rights, title and interest in the song "Te Sigo Queriendo" to Southern. The agreement authorized Southern to apply for the copyright in the work and to renew the copyright in the work. Pursuant to the Tirado-Southern agreement, Southern applied for and received copyright registration certificate EP 261303 (date of publication, July 14, 1969) from the Copyright Office for the published version of the song "Te Sigo Queriendo," effective July 29, 1969.

On June 13, 1997, Southern executed an assignment of the renewal rights in "Te Sigo Queriendo" from Luz Celenia Tirado to Southern, employing the power to act as her attorney-in-fact

pursuant to the Tirado-Southern agreement. On June 20, 1997, Southern obtained a copyright renewal registration certificate for "Te Sigo Queriendo" in the name of Luz Celenia Tirado. The U.S. Copyright Office issued a renewal registration certificate dated June 20, 1997, RE 759-802, to Southern.

On September 25, 1986, Luz Celenia Tirado entered into a supplemental agreement transferring to LAMCO the copyright ownership of additional music titles authored by the composer and including specific reference to "Te Sigo Queriendo." On February 23, 1990, LAMCO filed for the registration of the music and words to "Te Sigo Quieriendo."

APPLICABLE COPYRIGHT LAW

Copyright is a form of protection provided by the United States Constitution to the authors of "original works of authorship," including literary, dramatic, musical, artistic, and certain other intellectual works. This protection is available to both published and unpublished works. Section 106 of the 1976 Copyright Act generally gives the owner of copyright the exclusive right to do and to authorize others to do the following: (1) to reproduce the work in copies or phonorecords; (2) to prepare derivative works based upon the work; (3) to distribute copies or phonorecords of the work to the public by sale or other transfer of ownership, or by rental, lease, or lending; (4) to perform the work publicly, in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works; (5) to display the copyrighted work publicly, in the case of literary, musical, dramatic, and

choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work; and (6) in the case of sound recordings, to perform the work publicly by means of a digital audio transmission. *See* 17 U.S.C. § 106 (Supp. 2000). It is illegal for anyone to violate any of the rights provided by the copyright law to the owner of copyright.[2]

In order to prevail in a copyright infringement action, LAMCO must establish (1) authorship of the songs in question; (2) ownership of copyrights; (3) compliance with the statutory requirements to obtain copyrights; and (4) unauthorized (5) public performance. *See Pedrosillo Music, Inc. v. Radio Musical, Inc.*, 815 F. Supp. 511, 514 (D.P.R. 1993). "A determination of ownership is a conclusion of law based on underlying facts. 3 NIMMER [ON COPYRIGHT] § 13.01[A] ." *Motta v. Samuel Weiser, Inc.*, 768 F.2d 481, 484 (1st Cir. 1985).

REGISTRATION

Copyright protection begins when an author creates a work by fixing it in a tangible medium of expression. The registration of the copyright is a legal formality. Only in certain circumstances is registration a requirement to obtain copyright protection. Of importance in this case is when works were copyrighted. For works published between January 1,

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[2] These rights, however, are not unlimited in scope. Sections 107 through 121 of the 1976 Copyright Act establish limitations on these rights. These limitations do not apply to the current case.

1964 and January 1, 1993, renewal of the copyright is automatic and copyright cannot be lost for failure to register and renews[3] *See* 17 U.S.C. 304 (a) (Supp. 2000).

Though generally permissive, registration confers important advantages on the registrant. Included in these advantages are (1) registration establishes a public record of the claim of copyright; (2) it secures the right to file an infringement suit; (3) it establishes *prima facie* validity of the copyright; (4) it makes available a broader range of remedies for an infringement suit, allowing recovery of statutory damages and attorney's fees; and (5) only if registration is made will recordation of a document in the Copyright Office give constructive notice of the facts stated in the recorded document.[4]

A plaintiff bears the burden of proving that they own the copyrights in an infringement action. The registration certificate gives the presumption of the satisfaction of the statutory formalities. Likewise, the chain of title from the author to the person that obtained an assignment of rights prior to registration may also be presumed from the registration certificate.

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[3] Each of the songs at issue was copyrighted between January 1, 1964 and January 1, 1993.

[4] To register the claimant must send three elements in the same envelope to the Register of Copyrights: (1) a properly completed application form; (2) a non-refundable fee for each application; and (3) a deposit copy of the work to be registered. Copyright registration is effective on the date of receipt in the Copyright Office of all the required elements in acceptable form.

The person thus needs only to show the registration and evidence of his or her chain of title from the original copyright registrant to establish *prima facie* ownership. *See* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.01 [A]. When an assignee of the copyright (either common law or statutory) first registers a claim of statutory copyright in his name and obtains a certificate of registration in his name that constitutes *prima facie* evidence of the validity of his copyright and of the facts stated therein, the opposing party has the burden of controverting assignee's chain of title.

Several of the songs before the Court implicate both the 1909 Act and the 1976 Act. Prior to the 1976 Act taking effect on January 1, 1978, the 1909 Act controlled copyright law in the United States. In 1976, Copyright law received an overhaul, introducing several changes. Some of the more important aspects of the 1976 Act include the preemption of common law copyright, extending the term of copyright, a change in the requirement of formalities (which was further altered by the Berne Convention Implementation Act of 1988 ("BCIA")), and ownership.

Both the 1909 Act and the provisions of the 1976 Act as originally enacted remain relevant for several reasons. Of importance in this case is that the 1976 Act specifically incorporates provisions of the 1909 Act and also retains standards developed through case law decided under the 1909 Act, such as the standards for

originality and copyright infringement.[5] The Court therefore fuses the 1976 Act and its predecessor, the 1909 Act, along with several of the more recent alterations, into its discussion.

Section 209 of the 1909 Act stated that the copyright certificate of registration "shall be admitted in any court as *prima facie* evidence of the facts stated therein." 3 NIMMER ON COPYRIGHT § 9.06 [D][2]. Section 410(c) of the 1976 Copyright Act provides: "In any judicial proceedings the certificate of a registration made before or within five years after first publication of the work shall constitute *prima facie* evidence of the validity of the copyright and of the facts stated in the certificate. The evidentiary weight to be accorded the certificate of a registration made thereafter shall be within the discretion of the court." The significant difference between these two provisions is that the *prima facie* effect of registration was achieved under the 1909 Act whenever registration occurred, whereas under the current Act, it is limited to those registrations that occur before, or within five years after, first publication of the work. *See* 3 NIMMER ON COPYRIGHT § 12.11 [A].

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[5] It is partly because of this overlapping and interweaving that copyright law can be a maze to both practioners and courts. "A copyright scholar has a complicated task-to be conversant with the provisions of the 1909 Act, the 1976 Act as originally enacted, and subsequent amendments to the 1976 Act, and also to be able to determine which piece of legislation is applicable in a particular situation." MARSHALL LEAFFER, UNDERSTANDING COPYRIGHT LAW § 1.5 [D] (2d Ed. 1995).

Both § 411(a) of the current Act and § 13 of the 1909 Act require registration before "an action or proceeding . . . for infringement of copyright" can be pursued. By reason of § 412, in order for a copyright owner to be entitled to recover statutory damages and attorney's fees, the work must have been registered prior to commencement of the infringement for which such remedies are sought. "Commencement" of the infringement means "the time when the first act of infringement in a series of ongoing discrete infringements occur." The benefits of avoiding United States Registration are slight compared to the costs associated with not registering-notably giving up attorney's fees, statutory damages and the *prima facie* presumption of copyright validity. *See id.* § 7.16 [b][1][b].

Works could obtain statutory copyright protection under the 1909 Act, without the necessity of registration. Under the 1909 Act, copyright protection could be obtained by publishing copies of the work bearing a proper copyright notice. In this way, registration did not create the copyright, but merely recorded it. *See id.* § 7.16 [A][2][a]. Section 109 of the Transitional and Supplementary Provisions of the current Act, as construed in the House Report states: "Several provisions of the bill, including sections 205(c)(2), 205(d), 152 405(a)(2), 406(a)(1), 406(a)(2), 411, and 412, prescribe registration or recordation as a prerequisite for certain purposes. Where the work involved is covered by a subsisting copyright when the new law becomes effective, it is intended that any registration or recordation made under the present [1909] law would satisfy these provisions." *Id.* at § 7.16

[D]. Under the 1976 Act, copyright registration is not necessary for the copyright to be protected. *See Everts v. Arkham House Publs., Inc.*, 579 F. Supp. 145 (D. Wis. 1984) (registration is irrelevant to the existence of copyright protection under either the 1909 or 1976 Acts). However, registration is a prerequisite to an infringement action, although it may be obtained at any time during the copyright term.

TRANSFER AND/OR ASSIGNMENT OF OWNERSHIP

The general rule is that a prior transferee takes priority over a subsequent transferee if the prior transferee properly recorded in the Copyright Office prior to the subsequent transferee recording in the Copyright Office. *See* NIMMER ON COPYRIGHT § 10.07 [A][1][a]. However, a search of Copyright Office records is just the starting point for an investigation into who owns which rights in a given work. *See Jim Henson Productions, Inc. v. John T. Brady & Associates, Inc.*, 16 F. Supp. 2d 259 (S.D.N.Y. 1997). Although transfers of copyright are normally made by contract, the Copyright Office does not have any forms for such transfers and although recordation is not required to make a valid transfer between the parties, it does provide certain legal advantages and may be required to validate the transfer as against third parties. *U. S. Copyright Office's Transfer of Copyright Section of Circular 1 — Copyright Basics*, http://loc.gov/copyright/circs/circ1.html (U.S. Copyright Office, as of July 20, 2000).

Stated more precisely, under the 1976 Act a prior transferee always prevails over a subsequent

transferee if the prior transferee properly recorded in the Copyright Office prior to the subsequent transferee's recordation, and the work in question has been registered. *See* NIMMER ON COPYRIGHT § 10.07 [A][1][a]. However, the prior transferee does not automatically forfeit the copyright simply because the subsequent transferee recorded first in time.[6] *See id.* If the prior transferee fails to register and record before the subsequent transferee (and within the statutory grace period), then the subsequent transferee *may* prevail. *See id.* In this instance, the subsequent transferee must clear several hurdles to prevail: the subsequent transferee (1) must be without notice; (2) must have paid valuable consideration; and (3) must have duly recorded his or her transfer before recordation of the prior transfer. *See id.*

Under the 1909 Act, if the prior transferee did not record within the three (3) month grace period, he or she would not prevail against a subsequent transferee who did record within the applicable grace period (assuming the subsequent transferee had no notice of the prior transfer and paid a valuable consideration). *See* 3 NIMMER ON COPYRIGHT § 10.07 [A][1][b].

Under the 1976 Act, even if a prior transferee fails to record, and indeed even if the prior transferee never records his transfer, he will still prevail as against a

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[6] It is here where the statutory grace periods come into play — three months under the 1909 Act and either one (within the United States) or two (outside the United States) months under the 1976 Act. The grace period allows a short window for the prior transferee to record and still maintain priority.

subsequent transferee who takes with notice of the prior transfer. *See Rytvoc, Inc. v. Robbins Music, Corp.*, 289 F. Sup. 136 (S.D.N.Y. 1967). Section 30 of the 1909 Act also required that the subsequent transferee be "without notice." Section 205 (d) of the 1976 Act added that the transfer be "taken in good faith" as well as "without notice." 3 NIMMER ON COPYRIGHT § 10.07 [A][2]. The term "notice" in the 1976 Act's § 205 (d) and 1909 Act's § 30 includes actual notice, inquiry notice, and constructive notice. *See id.* "[C]onstructive and presumed[, also known as inquiry,] notice or knowledge are equivalent to knowledge. So, when [a party] has notice or information to put a reasonable person on inquiry, or has the opportunity to obtain knowledge from sources open to his investigation (such as public records or corporation books)," he or she is held to have notice. *General Bedding Corp. v. Echevarria*, 947 F.2d 1395, 1397 (9th Cir. 1991). Actual notice is a legal question which may pose difficult questions of proof as to whether a subsequent transferee possessed actual knowledge of a prior transfer. Inquiry or presumed notice is generally a question for a jury that hinges on all the attendant facts. *See id.*

The presence or absence of good faith is also a question for the jury. Good faith entails "not only honesty in fact, but reasonableness as well." *Quinto v. Legal Times of Washington, Inc.*, 506 F. Supp. 554, 562 (D.D.C. 1981). *See also In re AEG Acquisition Corp.*, 127 B.R. 34, 43-44 (C.D. Cal. 1991), *aff'd*, 161 B.R. 50 (1991) ("a later transfer of an interest in a copyright qualifies for priority only if the transferee has been honest in fact[, i.e., acted in "good faith",] in the transaction at issue, and has also met each of the other

qualifications"). A defendant must make a "good faith" effort to avoid copyright infringement. *See Olan Mills, Inc. v. Linn Photo Co.*, 23 F.3d 1345, 1348 (8th Cir. 1994). "'Good faith' is an ancient concept in the law, normally equated with 'honesty of intention', *In Re Johnson*, 708 F.2d 865, 868 (2d Cir. 1983), and acting 'equitably', *In Re Goeb*, 675 F.2d 1386, 1390 (9th Cir. 1982)." *American Home Assur. Co. v. Baltimore Gas & Elec. Co.*, 1987 WL 4928, at *5 n.3 (S.D.N.Y. 1987), *aff'd*, 845 F.2d 48 (2d Cir. 1988). Even where the defendant believes in good faith that he is not infringing a copyright, he may be found liable. *See County of Ventura v. Blackburn*, 362 F.2d 515 (9th Cir. 1966). More than simple "innocence" is required.

To summarize, under the 1909 Act, a failure to record an assignment rendered it void only as against "any subsequent purchaser or mortgagee for a valuable consideration without notice, whose assignment has been duly recorded." 17 U.S.C. § 30 (1909 Act). Under the Copyright Act of 1976 as initially enacted, the obligation to record a transfer applied to any case in which the plaintiff was someone other than the author. In such circumstances, the plaintiff must first record in the Copyright Office "the instrument of transfer" under which the plaintiff asserts ownership of the rights allegedly infringed. Having thus recorded, suit may thereafter be brought for causes of action that arose prior to, as well as after, such recordation.[7] The foregoing rule continues to apply to all decennial infringement actions, i.e., all actions alleging infringement from the effective date of the current Act,

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[7] This, of course, does not determine ownership.

January 1, 1978, until its amendment by the BCIA, March 1, 1989. As to infringements occurring after March 1, 1989, however, the BCIA eliminates this prerequisite, with respect to both American and foreign claimants. The 1909 Act did not require recordation of transfers. *See* 3 NIMMER ON COPYRIGHT § 12.08.

Current law does not differentiate between an assignment and a license as prior law had. Under the 1909 Act, this distinction was an important one. An assignment carried the entire copyright to a person (a "proprietor"). A license carried less than the entire copyright (e.g., only the right to publicly perform a musical composition). Only the name of the proprietor could be placed in the copyright notice and only a proprietor could bring an action for copyright infringement. The 1976 Act reformed this concept by considering a person who holds an exclusive license to publicly perform the work the "owner." Thus, what is now important is whether the license is exclusive or non-exclusive.

Transfers of copyright that are executed outside the United States require no special rules. However, under § 204 (b), foreign transfers that are accompanied by a certificate of acknowledgment issued by a diplomatic or consular officer of the United States or a person authorized to administer oaths, the certificate of

acknowledgment is *prima facie* evidence of the execution of transfer.[8]

RENEWAL

Under the 1909 Act, works copyrighted in the United States prior to January 1, 1978, were subject to a renewal system in which the term of copyright was divided into two consecutive terms. Renewal registration, within strict time limits, was required as a condition of securing the second term and extending the copyright to its maximum length.[9] On January 1, 1978, the current copyright law came into effect in the United States. This law retained the renewal system for works that were copyrighted before 1978 and were still in their first terms on January 1, 1978. For these works the statute provided for a first term of copyright protection lasting for 28 years, with the possibility for a second term of 47 years. The 1992 amending legislation automatically secures this second term for works copyrighted between January 1, 1964, and December 31, 1977. *See US. Copyright Office's Renewal of Copyright of Circular 15*, http://loc.gov/copyright/circs/circl5.html (U.S. Copyright Office, as of July 20, 2000). The term of copyright in works copyrighted between January 1, 1964, and December 31, 1977, is now 95 years. There

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[8] This is not to say that an assignment or transfer unaccompanied by a certificate of acknowledgment is not entitled to *prima facie* weight. *See In Design v. Lauren Knitwear Corp.*, 782 F. Supp. 824, 829 (S.D.N.Y. 1991).

[9] Copyright can be transferred inter vivos or upon death from the author or initial copyright owner, and transferred again

is no requirement to register a renewal in order to extend the original 28-year copyright term to the full term of 95 years. Although the renewal term is secured automatically, the Copyright Office does not issue a renewal certificate for these works unless a renewal application and fee are received and registered in the Copyright Office.

When the copyright owner transfers rights in the renewal term and survives until renewal vesting, then rights in the renewal term belong to the assignee. See 3 NIMMER ON COPYRIGHT § 9.06 [B]. An assignment of the right to renewal copyright executed by an author prior to the vesting of such renewal right will upon such vesting be binding upon the author, so that thereafter the assignee and not the author will be entitled to such renewal. Several courts have held that as long as the renewal application is filed in the name of a person entitled to such renewal, the application may actually be filed by any person authorized by the proper claimant to do so. *See Rose v. Bourne, Inc.*, 279 F.2d 79 (2d Cir.), *cert. denied*, 364 U.S. 880 (1960); *Rossiter v. Vogel*, 134 F.2d 908 (2d Cir. 1943); *Goodman v. Lee*, 815 F.2d 1030, 1031 n.2 (5th Cir. 1987).

However, if the author (or transferor of the renewal expectancy) passes away before the renewal rights vest, then those persons who by statute succeed to the renewal rights are not bound by any assignment (or transfer) executed by the deceased. See 3 NIMMER ON COPYRIGHT § 9.06[C]. In other words, death extinguishes the renewal rights of the assignee.

Under the 1976 Act

> "[a]n assignment by an author of his renewal rights made before the original copyright expires is valid against the world, if the author is alive at the commencement of the renewal period. *[Fred] Fisher Co. v. [M.] Witmark & Sons*, 318 U.S. 643 [63 S.Ct. 7731, so holds." *Id.*, 362 U.S., at 375, []. If the author dies before that time, the "next of kin obtain the renewal copyright free of any claim founded upon an assignment made by the author in his lifetime. These results follow not because the author's assignment is invalid but because he had only an expectancy to assign; and his death, prior to the renewal period, terminates his interest in the renewal which by § 24 vests in the named classes."

Stewart v. Abend, 495 U.S. 207, 219 (1990). In relation to the 1909 Act, the Supreme Court held that

> "[t]he right of renewal is [likewise] contingent. It does not vest until the end [of the original term]. If [the author] is alive at the time of renewal, then the original contract may pass it, but his widow or children or other persons entitled would not be bound by that contract." 5 Legislative History of the 1909 Copyright Act, Part K, p. 77 (E. Brylawski & A. Goldman eds. 1976) (statement of Mr. Hale). Thus, the renewal provisions were intended to give the author a second chance to obtain fair remuneration for his creative efforts and to

> provide the author's family a "new estate" if the author died before the renewal period arrived.

Id. at 219-20.

Both certificates were required as a condition of renewal. But by virtue of the Copyright Renewal Act of 1992, different considerations govern works from 1964 through 1977. Now, the renewal term subsists automatically, even if neither an original nor a renewal application has ever been filed with the Copyright Office.

DISCUSSION

"The challenge of copyright is to strike the 'difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand.' *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 429 (1984)." *Harpers and Row Publs., Inc. v. Nation Enterps.*, 471 U.S. 539, 580 (1985). Timing plays a major role in this case, for two (2) of the songs were created under the 1976 Act ("Caballo Viejo" and "Patacón Pisa'o") while three (3) were created under the 1909 Act ("Ojos Chinos," 'Una Tercera Persona," and "Te Sigo Queriendo"). Because of Copyright Law's nature, the latter three (3) songs are controlled by both the 1909 Act and the 1976 Act (as well as the amendments to the 1976 Act that have followed). The Court begins its discussion with the two (2) songs created under the 1976 Act, "Caballo Viejo" and "Patacón Pisa'o," before discussing the remaining three

(3) songs which were created under the 1909 Act, "Ojos Chinos," "Una Tercera Persona," and "Te Sigo Queriendo."

1. "CABALLO VIEJO"

Simón Díaz wrote the song, "Caballo Viejo, sometime in 1980 and published it on January 12, 1981. Selemúsica obtained a copyright for the song on August 16,1983. For purposes of this dispute, neither side contests that Selemúsica contracted with Díaz to gain the rights to "Caballo Viejo." The parties also agree that Selemúsica entered into agreements with West Side which granted West Side the right to represent Selemúsica in the United States and its territories. According to West Side Co-founder Hector Varona, the right to represent the song "Caballo Viejo" was the main reason West Side formed in the first place. Rather, the parties dispute the chain of title.

For its part, LAMCO asserts ownership based upon an agreement between West Side and ACEMLA (LAMCO's performing rights organization) in 1982. LAMCO and West Side entered into a previous agreement on May 15, 1981 whereby West Side granted LAMCO the exclusive rights to publish and license performance and phonomechanical rights to "Caballo Viejo" for a period of five (5) years. This agreement was recorded on December 17, 1986 with the Register of Copyrights, almost two weeks after the Copyright Royalty Tribunal had determined that the rights to "Caballo Viejo" belonged to ASCAP. To escape the same result, LAMCO now contends that the second agreement does not contain any time limit and therefore must continue perpetually.

To combat this allegation, ASCAP introduced the deposition of Varona. In his deposition, Varona repeatedly says that he verbally ended the 1982 agreement with ACEMLA and never accepted any of the payments sent him. A portion of Varona's deposition, taken December 2, 1998, is illustrative.

Q. And you agree with [LAMCO] that there is no specified term of this agreement; is that correct?

A. That's correct.

Q. Nevertheless, is it your belief that this agreement is still in effect?

A. As far as I'm concerned, no.

Q. Do you recall the last time, if there was a last time, that you did receive any payments from either Latin American Music or ACEMLA with respect to Caballo Viejo?

A. He [Bernard] made some - well I don't know if you can call it payments or sent some checks, which it was never cashed by us or deposited by us. I don't - the exact date, I can, you know, I can find out because we have the record in there in the office. And the reason why those checks were not deposited is because if these payments were never accompanied by royalty statement - in other words, we cannot tell what money is for such song, where it comes from, etc.

Q. As best as you can place the time, would this have been within the last two or three years?

A. Oh, no, no.

Q. Five years?

A. Five years or maybe even longer.

Varona Deposition at 84-85.

Over the years, LAMCO tried several times to have West Side extend the 1981 agreement and confirm West Side's allegiance to them. These attempts were unsuccessful, as Varona's deposition points out. Included among ASCAP's exhibits are unsigned solicitory contracts and inquisitory letters sent by LAMCO and its representatives to West Side. The correspondence makes clear that West Side did not believe that they were under a continuing agreement with LAMCO. On the contrary, West Side indicated consistently that the agreement ended and there was it was under no contractual obligation whatsoever to LAMCO. The rejection of the so-called "royalty payments" further supports this view.[10]

After reviewing the evidence, the Court concludes that Simón Díaz contracted with Selemúisca, who contracted with West Side, who contracted with Barnegat, who is a member of ASCAP. The Court

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[10] If LAMCO did indeed strike a long-term deal with West Side and failed to pay royalties due under the contract, West Side could either rescind the contract or seek damages for breach. The Court finds it material that West Side did neither. This inaction by West Side and the want of royalty payments by LAMCO is further evidence that no contract continued between the two entities.

therefore agrees with the Copyright Royalty Tribunal and decides that the chain of title, for the narrow purpose of this motion, belongs to ASCAP for the song "Caballo Viejo."

2. "PATACÓN PISA'O"

Chaverra wrote "Patacón Pisa'o" in 1984 and as such it falls under the dominion of the 1976 Act. Chaverra conveyed the rights to "Patacón Pisa'o" to the Columbian music publisher Prodemus in February of 1984. That same month, Prodemus conveyed to Música Unica Publishers the right to represent Prodemus as its subpublisher in the United States and Puerto Rico. Música Unica, in turn, obtained a copyright registration certificate for "Patacón Pisa'o" on September 17, 1985. Unimúsica (a fictitious trade name for Música Unica) and ASCAP entered into a membership agreement which gave ASCAP the right to authorize licensees to give public performances of Chaverra's song.

On February 28, 1985, Edimúsica named LAMCO as its "music catalogue administrator representative" in the United States (with the exception of two other administrators), the Dominican Republic and Puerto Rico. But it was not until September 23,1985 that Chaverra assigned the Johnny Ventura-recorded version of "Patacón Pisa'o" to Edimúsica. LAMCO and Edimhica jointly obtained a copyright registration certificate "Patacón Pisa'o" on June 2, 1986.

On September 7, 1994, Chaverra terminated by letter the September 23, 1985 agreement with Edimúsica because he had not received payments for

the works listed in the September 23, 1985 agreement (including "Patacón Pisa'o"). On September 13, 1994, Chaverra signed an Affidavit attesting that LAMCO is "the only entity that has ever represented and that presently represents my interest." The Affidavit also served to form part of Chaverra's alleged new assignment to LAMCO/ACEMLA. This affidavit was recorded on November 21, 1994 by LAMCO, along with a September 9, 1994 agreement between Chaverra and LAMCO. On November 23, 1994, ACEMLA recorded a separate September 9, 1994 agreement with Chaverra which purportedly gave ACEMLA the right to license certain, unspecified titles.

While it appears from the documents that ASCAP has priority of ownership over "Patacón Pisa'o," one issue remains which precludes any decision. The 1983 agreement between Unimúsica and ASCAP grants ASCAP the "right to license the public performance of every [] musical work" that Unimúsica now has or

acquires during the term of the agreement.[11] See ¶ 1 of March 1, 1983 Agreement Between Unimúsica and ASCAP. Therefore, ASCAP has priority through the 1983 Agreement, the 1984 Chaverra Agreement with Prodemus, and the 1984 agreement between Prodemus and Music Unica (Unimusica). A copyright registration certificate creates a presumption of ownership which must be overcome by the opposing party. However, while the copyright was registered by Música Unica, the agreement was never recorded. LAMCO's claim to ownership is based upon the November 21, 1994 recorded agreement. Chaverra's affidavit by itself cannot void the 1984 agreement between Chaverra and Prodemus, which granted Prodemus the exclusive

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[11] Paragraph 1. of the Agreement between Unimúsica (*Owner*) and ASCAP (*Society*) states:

The Owner grants to the Society for the term hereof, the right to license non-dramatic public performances (as hereinafter defined), of each musical work:

> Of which the *Owner* is a copyright proprietor; or
>
> Which the *Owner*, alone, or jointly, or in collaboration with others, wrote, composed, published or owned; or
>
> In which the *Owner* now has any right, title, interest or control whatsoever, in whole or part; or
>
> Which hereafter, during the term hereof, may be written, composed, acquired, owned, published or copyrighted by the *Owner*, alone, jointly or in collaboration with others; or
>
> In which the *Owner* may hereafter, during the term hereof, have any right, title, interest or control, whatsoever in whole or in part.

The right to license the public performance of every such musical work shall be deemed granted to the Society by this instrument for the term hereof, immediately upon the work being written, composed, acquired, owned, published or copyrighted.

right over "Patacón Pisa'o" in "Todo el Mundo," i.e., throughout the world.

LAMCO is the first to record. Yet, even if LAMCO had any claim over "Patacón Pisa'o" before the recorded agreement, a conclusion in dispute based upon Chaverra's unambiguous termination letter of September 7, 1994, it still must be shown that LAMCO took without notice, in good faith, and for valuable consideration. This is so because ASCAP is a first-in-time transferee who did not record. Yet, the execution and recording of a copyright assignment by LAMCO/ACEMLA cannot create a legal ownership that did not already exist. *See Rose v. Bourne, Inc.*, 176 F. Supp. 605, 610 (S.D.N.Y. 1959), *aff'd*, 592 F.2d 651, 655 (2d Cir. 1978). Therefore, LAMCO/ACEMLA must clear several hurdles to prevail: the subsequent transferee (1) must be without notice and in good faith; (2) must have paid valuable consideration; and (3) must have duly recorded his or her transfer before recordation of the prior transfer.

While the presence or absence of "good faith" is an issue of fact for a jury, constructive notice may be determined at the summary judgment stage as an issue of law. "A copyright registration certificate issued by and filed with the Copyright Office serves to put the world on constructive notice as to the ownership of the copyright and the facts stated in the registration certificate." *Saenger Org. v. Nationwide Ins. Lic. Assocs., Inc.*, 119 F.3d 55, 66 (1st Cir. 1997). *See Epoch Prod. Corp. v. Killiam Shows, Inc. et al.*, 522 F.2d 737, 740 n.2 (2d Cir. 1975), *cert. denied*, 424 U.S. 955 (1976) (stating that registration records the claim of ownership). LAMCO/ACEMLA thus had

constructive notice of the ownership of "Patacón Pisa'o" by Música Unica. Furthermore, Musica Unica's "chain of title from the author is presumed by reason of the registration certificate where [a party] obtained an assignment of rights prior to registration. 4 [] NIMMER ON COPYRIGHT, § 13.01[A]. In the instant case, [Música Unica] obtained an assignment of rights from the author[] prior to registration." *Marobie-FL, Inc. v. National Ass'n of Fire Equip. Distrib.*, 983 F. Supp. 1167, 1173 (N.D. Ill. 1997). ASCAP submitted the agreement between Música Unica (d/b/a Unimúsica) and itself, thereby demonstrating its chain of title. LAMCO/ACMELA did not disprove ASCAP's chain of title. The Court therefore finds that ASCAP has the right to license performances of "Patacón Pisa'o" and LAMCO/ACEMLA's claim against ASCAP cannot stand.

3. OJOS CHINOS

Kito Velez wrote "Ojos Chinos" in 1963 and it therefore falls under the control of the 1909 Act. On November 11, 1963, Velez assigned all of his rights, title and interest in "Ojos Chinos" to Southern. Southern obtained a copyright registration certificate in 1964. In 1992, Southern obtained a copyright renewal registration certificate. However, Velez had passed away prior to Southern renewing its copyright. Southern obtained renewal authorization from Velez'

widow and children in 1997.[12] Southern is a long-time member of ASCAP.

The heirs of Velez executed an agreement granting ACEMLA the non-exclusive license of all performing rights to "Ojos Chinos" on March 28, 1994. This agreement was recorded on July 8, 1994. The dispute over "Ojos Chinos" thus turns on the attempted renewal of the copyright. The Court thus turns to § 304 of the 1976 Copyright Act.

The relevant portions of § 304 states:

> (a) **Copyrights in their First Term on January 1, 1978** - (l)(A) any copyright, the first term of which is subsisting on January 1, 1978, shall endure for 28 years from the date it was originally secured.
> (1)(C) In the case of any other copyrighted work . . . -
>
> (i) the author of such work, if the author is still living,
>
> (ii) the widow, widower, or children of the author, if the author is not living,
>
> * * *
>
> shall be entitled to a renewal term and extension of the copyright in such work for a further term of 67 years.

---

[12] The basic rule is that author (the individual who created the renewable matter) has the right to renewal. If the author is living at the renewal period, the application must be filed in his or her name. If the author is no longer living at the renewal period, the Copyright Act, not state rules of testamentary or intestate succession, governs the eligibility of classes of persons entitled to the renewal copyright.

(2)(B) At the expiration of the original term of copyright in a work specified in paragraph (1)(C) of this subsection, the copyright shall endure for a renewed and extended further term of 67 years, which--

(i) if an application to register a claim to such further term has been made to the Copyright Office within 1 year before the expiration of the original term of copyright, and the claim is registered, shall vest, upon the beginning of such further term, in any person who is entitled under paragraph (1)(C) to the renewal and extension of the copyright at the time the application is made; or

(ii) if no such application is made or the claim pursuant to such application is not registered, shall vest, upon the beginning of such further term, in any person entitled under paragraph (1)(C), as of the last day of the original term of copyright, to the renewal and extension of the copyright.

(3)(A) An application to register a claim to the renewed and extended term of copyright in a work may be made to the Copyright Office--

(i) within 1 year before the expiration of the original term of copyright by any person entitled under paragraph (1)(B) or (C) to such further term of 67 years; and

(ii) at any time during the renewed and extended term by any person in whom such further term vested, under paragraph (2)(A) or (B), or by any successor or assign of such person, if the application is made in the name of such person.

(B) Such an application is not a condition of the renewal and extension of the copyright in a work for a further term of 67 years.

(4) * * *

(B) If an application to register a claim to the renewed and extended term of copyright in a work is made within 1 year before its expiration, and the claim is registered, the certificate of such registration shall constitute prima facie evidence as to the validity of the copyright during its renewed and extended term and of the facts stated in the certificate. The evidentiary weight to be accorded the certificates of a registration of a renewed and extended term of copyright made after the end of that 1-year period shall be within the discretion of the court.

* * *

(c) Termination of Transfers and Licenses Covering Extended Renewal Term,—

In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire, the exclusive or nonexclusive grant of a transfer or license of the renewal copyright or any right under it, executed before January 1, 1978, by any of the persons designated by subsection (a)(1)(C) of this section, otherwise than by will, is subject to termination under the following conditions:

(1) In the case of a grant executed by a person or persons other than the author, termination of the grant may be effected by the surviving person or persons who executed it ....

> (2) Where an author is dead, his or her termination interest is owned, and may be exercised, as follows:
>
> (A) the widow or widower owns the author's entire termination interest unless there are any surviving children or grandchildren of the author, in which case the widow or widower owns one-half of the author's interest;
>
> (B) the author's surviving children, and the surviving children of any dead child of the author, own the author's entire termination interest unless there is a widow or widower, in which case the ownership of one-half the interest is divided among them.

In the present situation, both parties allege that they obtained permission from the heirs of Velez for renewal. ACEMLA signed an agreement with the heirs in March of 1994 and recorded this agreement on July 8, 1994. Souther obtained a copyright renewal registration certificate on June 8, 1992, after Velez had passed away. Southern signed exclusive rights agreements with the heirs of Velez throughout August of 1997 and recorded these agreements on August 26, 1997.

When Southern obtained its renewal during the 28th copyright year, Velez was no longer alive. Southern's renewal is therefore invalid because the right of renewal belonged to Velez' heirs and not ASCAP. *See* 17 U.S.C. §§ 304 (a)(1)(C) & (c)(2)(A). "For registration in the 28th year of the original copyright term, the renewal claimant is the individual(s) or entity who is entitled to claim renewal copyright on the date the application is filed." *U.S. Copyright*

Office's Renewal of Copyright of Circular 15, http://loc.gov/copyright/circs/circl5.html (U.S. Copyright Office, as of July 20, 2000) (emphasis excluded), Southern could not renew because it did not have the right to do so. Velez' widow and children possessed that right.

On the other hand, ACEMLA obtained a worldwide non-exclusive license from the heirs and recorded but did not register this right. Three years after ACEMLA received its non-exclusive license, Southern obtained an assignment of rights from Velez' heirs. The Court therefore rules that LAMCO/ACEMLA cannot prevail on a copyright infringement case, yet may be entitled to the payments from the radio stations. Since LAMCO/ACEMLA's non-exclusive license came first in time (and was recorded first), Southern's assignment of rights must acquiesce to LAMCO/ACEMLA's non-exclusive license. Section 205 (e) of the 1976 Act states:

> A non-exclusive transfer, whether recorded or not, prevails over a conflicting transfer of copyright ownership if the license is evidenced by a written instrument signed by the owner of the rights licensed or such owner's duly authorized agent, and if-
>
> (1) the license was taken before execution of the transfer; or
>
> (2) the license was taken in good faith before recordation of the transfer and without notice of it.

17 U.S.C. § 205 (e). The present case falls squarely under § 205 (e)(1) and thus LAMCO/ACEMLA's claim of copyright priority must prevail. "[A]ny statutory

beneficiary of the author can make a valid transfer or license of future renewal rights, which is completely binding if the author is dead and the person who executed the grant turns out to be the proper renewal claimant. Because of this, a great many contingent transfers of future renewal rights have been obtained from widows, widowers, children, and next of kin." Revision Notes and Legislative Reports 1976 Acts. Notes of Committee on the Judiciary, H.R. No. 94-1476. *See also Capano Music v. Myers Music, Inc.*, 605 F.Supp. 692 (S.D.N.Y. 1985) (If copyright assignor is not living when renewal rights vest, then those who succeed to the author's interest under the Copyright Act take free of any assignment made by deceased assignor, and assignee takes nothing.).

However, the Court has before it a strange situation. Southern originally registered the copyright in 1964. Velez, his heirs, nor LAMCO/ACEMLA ever registered the copyright. LAMCO/ACEMLA simply recorded the transfer of renewal rights from Velez' heirs. LAMCO/ACEMLA now seeks to use Southern's registration as the basis for standing to bring its copyright infringement case against the radio stations (indemnified by ASCAP, who is involved through Southern).

Although LAMCO/ACEMLA never registered any copyright renewal, it may pursue a copyright infringement claim based upon Southern's original

registration.[13] *See* 17 U.S.C. § 411 (a) (1976) & 17 U.S.C. § 13 (1909). While registration is not a prerequisite to a valid copyright under either the 1909 or 1976 Acts, it is a prerequisite to suit. However, to initiate a suit, a plaintiff need not be the one who registered the copyright. *See Tang v. Hwang*, 799 F. Supp. 499, 503-04 (E.D. Pa. 1992). *See also Vapac Music Publ'g Inc. v. Tuff 'N' Rumble Mgmt.*, 55 U.S.P.Q.2d 1763, 1764 (S.D.N.Y. July 19, 2000) ("By its terms, 17 U.S.C. §411 (a) requires only that a copyright be registered; it does not require that the plaintiff be the party who caused the registration to occur.").

LAMCO/ACEMLA has a non-exclusive license. As such, it does not have standing to bring a copyright infringement action. *See, e.g., R. Ready Prods., Inc. v. Cantrell*, 85 F. Supp. 2d 672, 684 n. 11 (S.D. Tex. 2000) ("Holders of a non-exclusive license lack standing to sue, because they have no ownership interest in the copyright."). Also, LAMCO/ACEMLA's recordation does not provide constructive notice because it fails to conform to the specificity requirements of 17 U.S.C. § 205 (c). That section requires the recorded document to "specifically identif[y] the work to which it pertains so that, after the document is indexed by the Register of Copyrights, it would be revealed by a reasonable

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[13] To allow LAMCO/ACEMLA to continue its copyright infringement case against ASCAP based upon Southern's (ASCAP's link to the song "Ojos Chinos") registration is somewhat perturbing. LAMCO/ACEMLA could have obtained a copyright renewal registration certificate but chose not to do so, for reasons that have not as of yet been explained.

search under the title or registration number of the work." After reviewing the recorded documents, the Court finds that LAMCO/ACEMLA's recordation fails to conform to the specificity requirement of § 205 (c). A careful review of the documents supports a finding that the title of the song at issue, "Ojos Chinos," is buried among 29 other songs in an attached sheet and the documents do not list or mention the previous registration number at all. LAMCO/ACEMLA's copyright infringement claim under "Ojos Chinos" shall be dismissed.

4. UNA TERCERA PERSONA

Luz Celenia Tirado wrote "Una Tercera Persona" in or around 1968. Tirado signed an agreement with Southern on November 20, 1968 in which she transferred to Southern "all rights, title and interest" in the song "Una Tercera Persona." Southern applied for and received a copyright registration certificate dated February 6, 1969. Pursuant to the agreement of November 20, 1968, Southern executed an assignment of the renewal rights, acting as attorney-in-fact for Tirado on June 6, 1996. Southern then obtained a copyright renewal registration certificate on June 11, 1996.

Tirado apparently transferred the copyright ownership to 153 songs to LAMCO on December 2, 1980 and was recorded by LAMCO on February 8, 1985, although the copy of the certificate produced by LAMCO is virtually undecipherable. On September 25, 1986, Tirado and ACEMLA entered into a supplemental agreement whereby Tirado granted a non-exclusive license to the performing rights of all the

music titles transferred to LAMCO by virtue of the previous agreement. LAMCO recorded the supplemental agreement on February 23, 1990. On December 26, 1984, LAMCO filed for the registration of the words and music to "Una Tercera Persona."

Southern's registration creates *prima facie* validity of its copyright. *See* 17 U.S.C. § 209 (1909 Act); *Saenger Org. v. Nationwide Ins. Lic. Assocs., Inc.*, 119 F.3d at 66 ("A copyright registration certificate issued by and filed with the Copyright Office serves to put the world on constructive notice as to the ownership of the copyright and the facts stated in the registration certificate."). Thus, LAMACO/ACEMLA is deemed to have constructive knowledge of Southern's ownership. LAMCO/ACEMLA do not challenge Tirado's assignment to Southern in 1968, nor do they challenge the registration by Southern of "Una Tercera Persona" in 1969. Southern (and ASCAP) failed to record the transfer. Since LAMCO/ACEMLA recorded first, LAMCO/ACEMLA would be the owner of the copyright to "Una Tercera Persona" if it took without notice and for valuable consideration. However, the registration certificate serves a dual purpose in this instance: (1) it forces the Court to find that LAMCO/ACEMLA had constructive knowledge of Southern's ownership and (2) it shifts the burden to LAMCO/ACEMLA to demonstrate why the copyright is invalid. *See Saenger Org.*, 119 F.3d at 59. LAMCO/ACEMLA's claim of ownership must therefore fail. ASCAP, through Southern's ownership, has the right to license performances of "Una Tercera Persona."

5. "TE SIGO QUERIENDO"

Luz C. Tirado also wrote "Te Sigo Queriendo" sometime in 1968. On December 17, 1968, Tirado and Southern entered into an agreement whereby Tirado transferred all her rights in "Te Sigo Queriendo" to Southern. The agreement authorized Southern to apply for a copyright and to renew the copyright. Southern obtained a copyright registration certificate for the song on July 29, 1969. On June 13, 1997, Southern executed an assignment of the renewal rights in the copyright, acting as attorney-in-fact for Tirado, as permitted under the Copyright Act. On June 20, 1997, Southern renewed the copyright, obtaining a copyright renewal registration certificate.

On September 25, 1986, Tirado entered into an agreement with LAMCO transferring Tirado's rights to "Te Sigo Queriendo" to LAMCO. LAMCO obtained a copyright registration certificate for "Te Sigo Queriendo" on February 23, 1990.

ASCAP holds the right to license performances of "Te Sigo Queriendo" based upon its membership agreement with Southern.[14] Southern obtained a registration certificate for "Te Sigo Queriendo" in 1969 creating a presumption of ownership which LAMCO/

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[14] LAMCO asserts that it should prevail because ASCAP did not record its agreement. However, under the 1909 Act, neither agreement (involving "Una Tercera Persona" or "Te Sigo Queriendo") needed to be recorded because they were transfers of common law copyright (since they preceded publication and registration).

ACEMLA must overcome. As LAMCO/ACEMLA has failed to overcome this presumption, the Court holds for purposes of this summary judgment discussion only, that Southern owns "Te Sigo Queriendo." Southern's "chain of title from the author[, through Southern,] is presumed by reason of the registration certificate where [a party] obtained an assignment of rights prior to registration. 4 [] NIMMER ON COPYRIGHT, § 13.01[A]. In the instant case, [Southern] obtained an assignment of rights from the authors prior to registration." *Marobie-FL, Inc. v. National Ass'n of Fire Equip. Distrib.*, 983 F. Supp. at 1173.

CONCLUSION

Wherefore, pursuant to the above stated reasoning, the Court finds that ASCAP, through it's representatives, is legally entitled to license performance of the songs "Caballo Viejo," "Patacón Pisa'o," "Una Tercera Persona," and "Te Sigo Queriendo." The Court thus **DISMISSES with prejudice** the claims involving these four songs. The Court further finds that LAMCO/ACEMLA has priority over the song "Ojos Chinos" based upon its non-exclusive licensing agreement with the author's heirs. The Court nevertheless **DISMISSES** LAMCO/ACEMLA's copyright infringement action based upon this song.

IT IS SO ORDERED.

San Juan, Puerto Rico, April 16 ,2001.

/s/
JUAN M. PEREZ-GIMENEZ
U.S. District Judge

APPENDIX C

17 USC § 205

Title 17 - Copyrights
Chapter 2 - Copyright Ownership and Transfer

§ 205. Recordation of transfers and other documents

(a) Conditions for recordation. Any transfer of copyright ownership or other document pertaining to a copyright may be recorded in the Copyright Office if the document filed for recordation bears the actual signature of the person who executed it, or if it is accompanied by a sworn or official certification that it is a true copy of the original, signed document.

(b) Certificate of recordation. The Register of Copyrights shall, upon receipt of a document as provided by subsection (a) and of the fee provided by section 708, record the document and return it with a certificate of recordation.

(c) Recordation as constructive notice. Recordation of a document in the Copyright Office gives all persons constructive notice of the facts stated in the recorded document, but only if–

(1) the document, or material attached to it, specifically identifies the work to which it pertains so that, after the document is indexed by the Register of

Copyrights, it would be revealed by a reasonable search under the title or registration number of the work; and

(2) registration has been made for the work.

(d) Priority between conflicting transfers. As between two conflicting transfers, the one executed first prevails if it is recorded, in the manner required to give constructive notice under subsection (c), within one month after its execution in the United States or within two months after its execution outside the United States, or at any time before recordation in such manner of the later transfer. Otherwise the later transfer prevails if recorded first in such manner, and if taken in good faith, for valuable consideration or on the basis of a binding promise to pay royalties, and without notice of the earlier transfer.

(e) Priority between conflicting transfer of ownership and nonexclusive license. A nonexclusive license, whether recorded or not, prevails over a conflicting transfer of copyright ownership if the license is evidenced by a written instrument signed by the owner of the rights licensed or such owner's duly authorized agent, and if–

(1) the license was taken before execution of the transfer; or

(2) the license was taken in good faith before recordation of the transfer and without notice of it.

APPENDIX D

17 USC § 106

Title 17 - Copyrights
Chapter 1 - Subject Matter and Scope of Copyright

§ 106. Exclusive rights in copyrighted works

Subject to sections 107 through 121, the owner of a copyright under this title has the exclusive rights to do and to authorize any of the following:

(1) to reproduce the copyrighted work in copies or phonorecords;

(2) to prepare derivative works based upon the copyrighted work;

(3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;

(4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly;

(5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual

images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and

(6) in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.

APPENDIX E

BMI logo

Michael P. Palladino
Senior Director
Performing Rights Administration
New York

December 2, 1996

Mr. Catalino Curet Alonso
P.O. Box 7737
Bo Obrero
San Turce, PR 00916

RE: CATALINO CURET ALONSO

Dear Mr. Alonso:

Please accept my apologies for the lengthy delay in responding to your letter of January 19, 1996.

Pursuant to your letter of January 19, 1996, please note that we have marked our records to indicate that BMI no longer licenses your writer's share of any of your works presently registered with BMI effective with performances from and after January 1, 1996.

Consequently, you are free to assign your writer's share of these works to your new licensing organization effective with performances commencing January 1, 1996.

Attached for your records please find a list of the works presently in your BMI writer account.

Best wishes for a continued successful career!

Sincerely yours,

/s/
Michael P. Palladino

mpp
enc.

cc: Charlie Feldman
Diane Almodovar

320 West 57th Street, New York, NY 10019-3790
(212) 830-2541 Fax: (212) 246-2163 Telex: 127823

BMI logo

Charles S. Feldman
Vice President
Writer-Publisher Relations
New York

4/29/98

Dear Mr. Sabater,

I am sorry that you have terminated your written agreement with BMI, but I wish you the best of luck with your music endeavors.

In the future, should you need any assistance at BMI, please fell free to contact me.

Sincerely,

/s/Charlie Feldman

320 West 57th Street, New York, NY 10019-3790
(212) 830-2541 Fax: (212) 246-2163 Telex: 127823

APPENDIX F

ASCAP logo

GERTRUDE HORWITZ
Senior Legal Assistant

May 16, 1997

Ms. Dolores Vera
Vice President
Acemla de Puerto Rico, Inc.
556 Calle Guayama
Hato Rey, Puerto Rico 00916

Re : C. Curet Alonso
(Resigned Member)

Dear Ms. Vera:

This is a belated response to your letter of September 18, 1996, which followed my prior discussions with others in your organization.

According to ASCAP's records, C. Curet Alonso resigned his ASCAP membership effective December 31, 1987, leaving no rights in ASCAP. Any royalties received by ASCAP for Mr. Alonso originate from foreign countries and are forwarded as a courtesy to our former members.

As a result, ASCAP's records agree with yours--ASCAP does not license performances of Mr. Alonso's works.

Sincerely,

/s/
Gertrude Horwitz

AMERICAN SOCIETY OF COMPOSERS,
AUTHORS & PUBLISHERS
ASCAP BUILDING ONE LINCOLN PLAZA
NEW YORK NEW YORK 10023
212.621.6280 Fax: 212.787.1381

APPENDIX G

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

Civ. No. 01-1215 (PG)

[December 9, 2003]

MARIA VENEGAS, ET AL.,
v.
PEER, ET AL.,

Excerpt From Transcription of
Bench Trail Day VII
December 9, 2003
(Page 677)

Before the Honorable Jose A. Fuste,
United States District Court Judge

* * *

[page 677]

50 percent; is that correct?

A. Correct.

Q. And by "print royalties," you mean sheet music; is that right?

A. That's correct

Q. Copies of this document were file with this Court; isn't that correct?

A. Yes

Q. Were they filed under seal?

A. Not to my knowledge

Q. Is this document a confidential document?

A. Yes

Q. Can you tell me?

A. Yes. It is proprietary to Peer. The facts recited in here that we had a very famous composer, Guillermo Venegas, under contract to us for a term of one year with a one year option at publisher's discretion to renew for a second year, and further stipulations that the acquisition period would extend until the full recoupment of all advances, all of that would be deemed confidential information. Peer's roster of writers is confidential.

Q. The last provision you mentioned, the the about the term of the agreement, and you told me what the term of this agreement is?

* * *

YVETTE RICHARDON, CSR. OCR